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The Wine Spectator California Winemen Oral History Series

Richard L. Maher

CALIFORNIA WINERY MANAGEMENT AND MARKETING

Interviews Conducted by
Ruth Teiser
in 1990 and 1991

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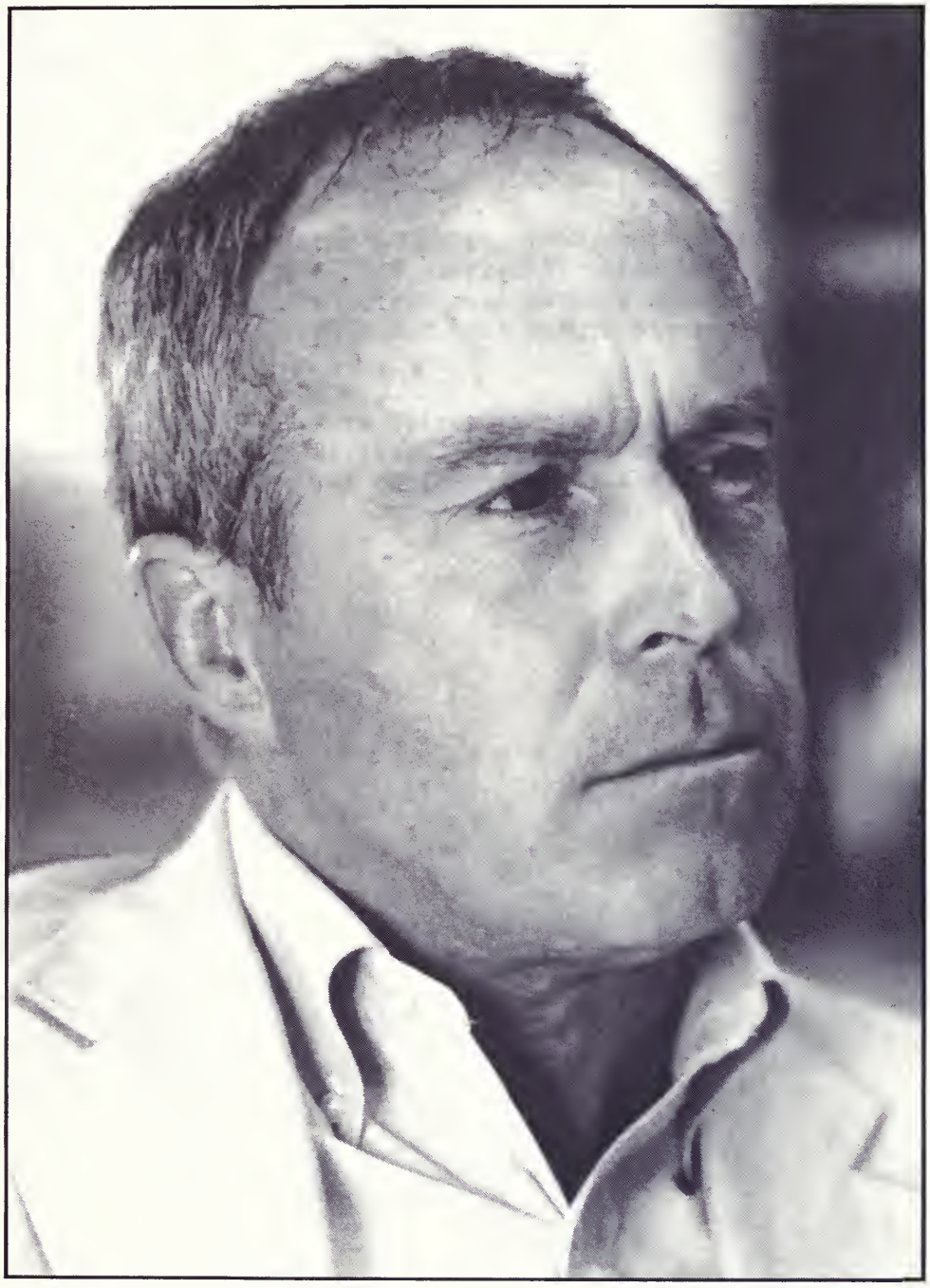

Richard L. Maher, 1990

Photograph courtesy of The Wine Spectator

Cataloging Information

MAHER, Richard L. (b. 1933) Wine marketer

California Winery Management and Marketing, 1992, ix, 76 pp.

Sales career beginning with Procter & Gamble, 1960; work in wine industry: Gallo (1965-1968), Heublein (1968-1969, 1972-1975, 1989-1992), Christian Bros. (1986-1989); national and multinational corporations in the wine business; Napa Valley land ownership and use; future direction of wine industry.

Interviewed in 1990 and 1991 by Ruth Teiser for the Wine Spectator California Winemen Oral History Series, The Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

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PREFACE

The California wine industry oral history series, a project of the Regional Oral History Office, was initiated in 1969 through the action and with the financing of the Wine Advisory Board, a state marketing order organization which ceased operation in 1975. In 1983 it was reinstituted as The Wine Spectator California Winemen Oral History Series with donations from The Wine Spectator Scholarship Foundation. The selection of those to be interviewed is made by a committee consisting of the director of The Bancroft Library, University of California, Berkeley; John A. De Luca, president of the Wine Institute, the statewide winery organization; Maynard A. Amerine, Emeritus Professor of Viticulture and Enology, University of California, Davis; the current chairman of the board of directors of the Wine Institute; Ruth Teiser, series project director; and Marvin R. Shanken, trustee of The Wine Spectator Scholarship Foundation.

The purpose of the series is to record and preserve information on California grape growing and winemaking that has existed only in the memories of wine men. In some cases their recollections go back to the early years of this century, before Prohibition. These recollections are of particular value because the Prohibition period saw the disruption of not only the industry itself but also the orderly recording and preservation of records of its activities. Little has been written about the industry from late in the last century until Repeal. There is a real paucity of information on the Prohibition years (1920-1933), although some commercial winemaking did continue under supervision of the Prohibition Department. The material in this series on that period, as well as the discussion of the remarkable development of the wine industry in subsequent years (as yet treated analytically in few writings) will be of aid to historians. Of particular value is the fact that frequently several individuals have discussed the same subjects and events or expressed opinions on the same ideas, each from his own point of view.

Research underlying the interviews has been conducted principally in the University libraries at Berkeley and Davis, the California State Library, and in the library of the Wine Institute, which has made its collection of in many cases unique materials readily available for the purpose.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of The Bancroft Library.

Ruth Teiser
Project Director
The Wine Spectator California Winemen
Oral History Series

July 1992
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CALIFORNIA WINE INDUSTRY INTERVIEWS
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Leon D. Adams, Revitalizing the California Wine Industry, 1974

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Philo Biane, Wine Making in Southern California and Recollections of Fruit Industries, Inc., 1972

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Charles Crawford, Recollections of a Career with the Gallo Winery and the Development of the California Wine Industry, 1942-1989, 1990

Burke H. Critchfield, Carl F. Wente, and Andrew G. Frericks, The California Wine Industry During the Depression, 1972

William V. Cruess, A Half Century of Food and Wine Technology, 1967

Jack and Jamie Peterman Davies, Rebuilding Schramsberg: The Creation of a California Champagne House, 1990

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Louis Gomberg, Analytical Perspectives on the California Wine Industry, 1935-1990, 1990

Miljenko Grgich, A Croatian-American Winemaker in the Napa Valley, 1992

Joseph E. Heitz, Creating a Winery in the Napa Valley, 1986

Maynard A. Joslyn, A Technologist Views the California Wine Industry, 1974

Amandus N. Kasimatis, A Career in California Viticulture, 1988

Morris Katz, Paul Masson Winery Operations and Management, 1944-1988, 1990

Legh F. Knowles, Jr., Beaulieu Vineyards from Family to Corporate Ownership, 1990

Horace O. Lanza and Harry Baccigaluppi, California Grape Products and Other Wine Enterprises, 1971

Zelma R. Long, The Past is the Beginning of the Future: Simi Winery in its Second Century, 1992

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Louis P. Martini, A Family Winery and the California Wine Industry, 1984

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Robert Mondavi, Creativity in the Wine Industry, 1985

Michael Moone, Management and Marketing at Beringer Vineyards and Wine World, Inc., 1990

Myron S. Nightingale, Making Wine in California, 1944-1987, 1988

Harold P. Olmo, Plant Genetics and New Grape Varieties, 1976

Cornelius Ough, Researches of an Enologist, University of California, Davis, 1950-1990, 1990

John A. Parducci, Six Decades of Making Wine in Mendocino County, California, 1992

Antonio Perelli-Minetti, A Life in Wine Making, 1975

Louis A. Petri, The Petri Family in the Wine Industry, 1971

Jefferson E. Peyser, The Law and the California Wine Industry, 1974

Lucius Powers, The Fresno Area and the California Wine Industry, 1974

Victor Repetto and Sydney J. Block, Perspectives on California Wines, 1976

Edmund A. Rossi, Italian Swiss Colony and the Wine Industry, 1971

Edmund A. Rossi, Jr., Italian Swiss Colony, 1949-1989: Recollections of a Third-Generation California Winemaker, 1990

Arpaxat Setrakian, A. Setrakian, a Leader of the San Joaquin Valley Grape Industry, 1977

Elie Skofis, California Wine and Brandy Maker, 1988

Andre Tchelistcheff, Grapes, Wine, and Ecology, 1983

Brother Timothy, The Christian Brothers as Wine Makers, 1974

Louis (Bob) Trinchero, California Zinfandels, a Success Story, 1992

The Wente Family and the California Wine Industry, interviews with Jean, Carolyn, Philip, and Eric Wente, 1992.

Ernest A. Wente, Wine Making in the Livermore Valley, 1971

Albert J. Winkler, Viticultural Research at UC Davis (1921-1971), 1973

John H. Wright, Domaine Chandon: The First French-owned California Sparkling Wine Cellar, includes an interview with Edmond Maudière, 1992

INTERVIEW HISTORY--Richard Maher

Richard Maher is a specialist in sales and marketing who has worked mainly with wine, but also with cleaning products (Procter & Gamble) and food (Pizza Hut). He is an efficient executive who credits his Marine Corps service with teaching him the basics of management. He built upon that with a Stanford Business School degree and then a job with E & J Gallo, the California wine organization that has in effect supplied a large part of the industry with able men.

Born in 1933 in Southampton, New York, Dick Maher studied engineering at the Rensaeler Polytechnic Institute before joining the Marine Corps. "I learned an awful lot from the Marines," he told the magazine Market Watch in 1990. "They taught me you get what you inspect, not what you expect. I think that helps in the premium wine business. I'm always snooping around here, talking with winemakers and cellar workers. The disciplines I learned in the Marine Corps are very important."

A practical decision (three years of study vs. two) took him next to Stanford School of Business rather than law school for graduate study, but perhaps what had proved to be a remarkable talent for marketing underlay the decision as well.

He is sui generis, as perhaps most highly successful salesmen are. He is as unlike such other successful marketers as William Dieppe of Almaden, Leigh Knowles, Jr. of Beaulieu, and Alfred Fromm of Fromm and Sichel (all of whom have been interviewed for this series) as they are from each other.

Save for three years in other fields, he has worked since 1965 for a succession of notable wine organizations: Gallo, Heublein, Nestlé, Seagrams, Christian Brothers, and (when it was sold to Heublein) Heublein once more. He has been since 1989 the president of Napa Valley Fine Wine Group. As was remarked by a member of the committee which selects those to be interviewed, his long experience with major companies makes his interview indispensable.

Energetic and agile in both body and mind, he can step off a red-eye flight and go straight to his day's work. He is distinctly marked by his early Marine training and by his Irish-American heritage, which is reflected in understated and often dry wit, and a cheerfulness which in no way interferes with his often analytical insight. In the 1980s he witnessed a significant shift in power in the Napa Valley. He now holds a major part of that power.

The interview with Richard Maher was held two mornings, August 28, 1990, and April 5, 1991, in his office at the Heublein Fine Wine Group headquarters south of St. Helena.

While many of the subjects discussed in this interview have been spoken of in other interviews in the California Winemen series, those most closely related are: Alfred Fromm, Marketing California Wine and Brandy; E. Michael Moone, Management and Marketing at Beringer Vineyards and Wine World, Inc.; Myron S. Nightingale, Making Wine in California, and Brother Timothy Diener, The Christian Brothers as Winemakers.

Ruth Teiser
Interviewer/Editor

August 1992
Regional Oral History Office
The Bancroft Library
University of California, Berkeley

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Richard L. Maher, Jr.

Date of birth 4/10/33 Birthplace Southampton, NY

Father's full name Richard L. Maher

Occupation Office Manager Birthplace Jamesport, NY

Mother's full name Teresa (Tansasch) Maher

Occupation Registered Nurse Birthplace New York, NY

Your spouse Marcia (Staples) Maher

Your children Shannon, Sean, Michael, Kerrie and Kelly

Where did you grow up? Southampton, NY

Present community St. Helena, California

Education B.S. - Rensselaer Polytechnic Institute 1955

M.B.A. - Stanford University 1960

Occupation(s) Winery President (see attached Biographical Outline)

Areas of expertise Unknown... Career progression was via Marketing and Sales

Other interests or activities Sports (especially tennis), reading. Ranked in Northern California Senior Tennis. Other interests include family and travel.

Organizations in which you are active Napa Valley Vintners (Past President) Napa Valley Wine Auction (Past Chairman), Wine Institute (Past Chairman), Napa Youth Tennis Association (President)

BIOGRAPHICAL OUTLINE

NAME: Richard L. Maher

TITLE: President & General Manager
Heublein Fine Wine Group

BIRTHDATE: April 10, 1933

EDUCATION:

B.S.-Rensselaer Polytechnic Institute	1955
M.B.A.-Stanford University	1960

EXPERIENCE:

President, Mont La Salle Vineyards and The Christian Brothers Sales Company	1986-1989
President The Seagram Wine Company	1984-1986
President Beringer Vineyards	1975-1983
Vice President, Sales & Marketing United Vintners	1972-1975
Sales & Marketing Management, Procter & Gamble and Gallo	

EARLY YEARS, 1933-1960

[Interview 1: August 28, 1990]##[1]

Teiser: Let me begin by asking when and where you were born.

Maher: I was born in Southampton, New York, on April 10, 1933.

Teiser: Did you grow up there?

Maher: Yes. When people say they had their summer home in Southampton, I kiddingly say I also had my fall, winter, and spring home there. I was what we called a "townie" who grew up in eastern Long Island, which in those days was potato farming and a wonderful place to grow up. Since then there have been a lot of changes, not all of them favorable. It has become a playground for the East Coast, and where potato plants used to sprout when I grew up, there are now multi-million dollar seaside cottages.

My mother lived out there until 1987, when she moved away. She lived in the same house for over fifty years, which is kind of unique these days.

Teiser: Did you go to school there, then?

Maher: I went to Southampton High School and graduated in 1951. Then in 1951 I went to RPI, Rensselaer Polytechnic Institute, which is an engineering school in Troy, New York.

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[1]This symbol (##) indicates a tape or segment of a tape has begun or ended. For a guide to the tapes, see page 73.

The Marine Corps, 1955-1958

Maher: When I graduated from there in June, 1955, I was commissioned in the United States Marine Corps as a second lieutenant. I went on active duty until August of 1958.

Teiser: How did you happen to join the Marines?

Maher: I had two scholarships in college. I had a scholarship called Naval Reserve Officers' Training Corps, which was a competitive exam. They accepted 1,400 people each year. This paid my tuition, all my books and lab fees, and gave me $50 a month. In return for that I had to agree to serve some time as an officer and go to summer camp. So I had the unique experience, between my freshman and sophomore year, of going on a destroyer for nine weeks and went to Belfast, Ireland, Le Havre, France, and Guantanamo Bay, Cuba.

Between my sophomore and junior years I went to naval air training in Corpus Christi, Texas, and to amphibious training down in Little Creek, Virginia. Between my junior and senior year I opted, rather than join the Navy, to sign up for the Marine Corps and went down to Quantico [Virginia], outside of Washington, D.C., for a summer of rather rigorous training.

The Marine Corps was a great experience in my life. I had some challenging job assignments and worked for some outstanding people. It's very interesting; these were people who, no matter where they worked, would have been very successful. My locations ranged from Okinawa to Japan to the Philippines to Puerto Rico to North Carolina to Camp Pendleton, down in southern California, and Virginia. So it was a great experience for someone in their early twenties. I am convinced that it was this training and experience that I had with the corps that certainly got me into graduate school.

Stanford School of Business, 1958-1960

Maher: When I came out of the Marine Corps in 1958, I went to Stanford Business School.

Teiser: How did you happen to do that?

Maher: Well, it was one of those great decisions. I was sitting on a little island off the coast of Puerto Rico, thinking about what I was going to do. I had done a lot of legal work in the Marines, and I thought, "I'll either go to law school or business school." Law school was three years, business school was two. It was an easy decision; I decided to save a year. I had always been in love with California, and I wanted to come out here. I came out here and thought the Stanford campus, down in Palo Alto, was spectacular, and I enjoyed the vigorous intellectual exercises that you went through at the business school.

Teiser: Did you specialize in anything at the business school?

Maher: Oh, I kind of specialized in the sales and marketing aspects, but perhaps the most significant thing that came out of the business school was that I met my wife the Christmas of the first year. I courted her, we were engaged in June, and married the following September. Next week we celebrate thirty-one years of marriage, so that has to be the most significant thing that resulted from business school.

Business school was interesting, because you were competing with people from all over the country and all over the world at a very interesting level. Business school was just starting to become a buzz word in the business world. I think it was a kind of serendipity; I stumbled into the right thing at the right time, which I guess is probably the best definition.

CAREER BEGINNING: PROCTER & GAMBLE, 1960-1965

Maher: When I graduated from business school in June of 1960, I went to work for Procter & Gamble.

Teiser: What made you decide to do that?

Maher: I was very interested in the marketing side of the business, and I applied to Colgate International and several other companies. I applied to Procter & Gamble, and they were interested in me initially for my engineering background. They offered me a job in their Sacramento plant, which is one of their big plants, but I turned it down and said I wanted to go into the marketing side. So they hired me as a marketing candidate.

I went back to Hartford, Connecticut, where I was a salesman from July of 1960 until February of 1961.

Teiser: What were you selling?

Maher: Selling soap! Selling Tide, Cheer, Dash, and Ivory Soap. I am a firm believer, particularly after that experience, that anyone who wants to be in the marketing side needs to do some time as a salesman. Just getting out and learning what the customer is all about, what he expects, how you can anticipate his needs, is probably the backbone of any good marketing man. Experience with a company like Procter & Gamble was outstanding.

Teiser: Did they have training sessions?

Maher: Oh, they had training sessions. You would spend a week with a man who was a trainer, and he would teach you in that short period of time all he could about selling techniques, about your products,

and then they put you right into a selling territory. So you had a week of boot camp, and then you were on your own. Periodically, he or your boss or one of the other sales managers would come and work with you. It was kind of on-the job training, and you were obviously challenged. You worked very hard, and you were competing with a whole group of other people and your own peer group. It was a very interesting experience.

Teiser: I suppose it's easy to tell whether you're being successful.

Maher: Just one thing--you just have to look at the cases and the dollars versus your quota, and you had a batting average. That's easy to determine. And things haven't changed much; we still have dollar quotas and case quotas here in the wine business, and it's easy to determine how you're doing.

Teiser: I suppose it's true that any one who is good at sales can sell anything.

Maher: I think so. There are certain basic techniques that are applicable, whether in the wine business or in the cosmetic business or in the food business or in the soap business. I think it helps that the soap business was very competitive, because Procter & Gamble had some outstanding competitors in Lever Brothers and Colgate, and people like that. It was a great assignment. I enjoyed it.

Alfred Fromm and Sales Fuundamentals

Teiser: I interviewed Alfred Fromm, who was of course in wine and brandy sales. I imagine that his technique, which was (to oversimplify) walking from restaurant to restaurant, was different from the training that people receive now in sales.

Maher: I would think so. It's interesting, because Alfred and I go back a number of years, and of course one of the companies we have in the Heublein collection is Fromm & Sichel.[1] As a matter of fact, I think there's going to be a big dinner to honor Alfred in November. The Jewish Museum in San Francisco is putting on

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[1]The firm of Fromm & Sichel was sold to the Christian Brothers (Mont La Salle Vineyards) in 1983 and acquired by Heublein when it acquired Mont La Salle.

something, because he has been a great philanthropist and just a wonderful man. I see him from time to time, and I'm looking forward to sharing a nice evening with him. He did an awful lot for Christian Brothers, both in their wines and in their brandies. He really built that brand. I think his association with Christian Brothers brand goes back just about as long as I have years on this earth. I was born in 1933, and I think he may have come on in 1936 or '37, right after Prohibition.

Teiser: It seems light years away from the kind of training in sales that you are speaking of, but perhaps it isn't fundamentally.

Maher: Fundamentally you're trying to establish what the customer's needs are and the best way to service those needs, whether you're selling a grocery store, where we sell an awful lot of wine now, or you're selling a restaurant. Now the latter might take a little more specialized skill, because generally the people who are running restaurants are very much not only into food but also into wine. So we probably look for someone who has much more detailed wine knowledge when we're calling upon a restaurant or a specialty bottle shop. Coit Liquors in North Beach [in San Francisco] know their wines, and you can't send an amateur in there.

Teiser: Back to your career, did you then advance to another position with Procter & Gamble?

Maher: After I had put about eight months in the sales department, I was transferred to the company headquarters back in Cincinnati. I was assigned to a test-market brand as what we would call an assistant brand manager. Procter & Gamble's system of brand management is that you have a man called a brand manager, and he's in charge of all aspects of marketing that brand. He's in charge of the pricing, the packaging, what the label looks like, how you formulate the advertising, what the promotional strategies are. I was an assistant to a man named Joel Smilow, who has done very well for himself. He is now president and one of the major stockholders of Playtex, which is a large international company headquartered on the East Coast. He's a brilliant man, a Harvard Business School graduate, a Baker scholar, and tough--tough in terms of being very demanding and willing to teach. I had the opportunity of working for him for almost a year.

We were working on a test market dry (powder) bleach. At that time all the bleaches were liquid, like Clorox. They were looking to put together a dry powdered bleach. We worked on that product for quite a period of time.

Teiser: When you say you worked on it, the formulation had been completed and you were working on sales?

Maher: I was working in the marketing department, where you try and make sure you have the right formulation--doing the testing, what should the name be, what should the package be, what kind of advertising, working with the advertising agency and product development. It was a very exciting time. You're learning, and, any time you're exposed to something new, it's interesting.

I spent some time on that product, and then I was transferred to Comet Cleanser, which is a household scouring material you use to clean out your sinks. I spent a period of time on that, and then I believe it was in early 1963 that the man for whom I was working left the company. I was overjoyed, because I ended up getting his job. I stayed as a brand manager on Comet Cleanser until that fall of 1963, when I was transferred to Clorox out in Oakland, California. Procter & Gamble at that time owned Clorox, so here was an opportunity to bring my wife, who was a native, and our two children--one was born in Connecticut and one was born in Cincinnati--back to California.

So we moved back out to California in October of 1963. I worked at Clorox over in the East Bay until February of 1965.

INITIAL WORK IN THE WINE INDUSTRY

Gallo, 1965-1968

Maher: In February of 1965 I went to work for the E&J Gallo Winery.

Teiser: How did that happen?

Maher: I was interested in 1963 in moving back to California. I married a Californian, and I found the weather on the East Coast and in the Midwest and Cincinnati not to be nearly as nice as California. I had contacted the Gallo Winery in 1963 and had a courtship with them. I was very impressed by the people I had met. About a year and a half later the courtship was resumed, and I ended up going to work for them.

Teiser: Were they aware of your success at Procter & Gamble?

Maher: Oh, I don't know if they were aware of my success, but they were aware of the experience that I had. The Gallo organization is always looking for talented people. The wine business was changing at that particular time.

Teiser: How was it changing?

Maher: It's ironic that just thirty years ago--I could go back and look at the statistics--there were a lot of dessert wines; in fact, over half the wine sold in the United States was dessert wine. Now my guess is that it is probably less than 15 percent. Of course, that was including the special naturals such as Thunderbird. The move towards table wine was just starting. I think Gallo certainly recognized that at the time, and they were really doing their packaging and their products to try and

capitalize on what they saw was the future of the wine business--i.e., a bottle of table wine on the dinner table, or a glass of wine for lunch. So they were very interesting times at Gallo.

Teiser: This was before they got far into varietals, wasn't it?

Maher: I think it was pre-varietals. This was 1965 to 1968.

Teiser: When did Hearty Burgundy come along?

Maher: Hearty Burgundy came along just about that time, and so did Pink Chablis and Chablis Blanc. But at that time Hearty Burgundy was a proprietary, rather than a varietal. Very interesting times.

Also towards the latter part of that period, in 1967 and '68, the so-called "pop" wines--Boone's Farm and Ripple--started exploding.

Teiser: Gallo always seems to be in the forefront. Is it an innovator, or does it pick up very quickly on the trends?

Maher: I think it's really both. Not only are they an innovator, and not only do they read trends, but they have an intelligence-gathering system through their sales force which is outstanding. They are able to keep track of what is happening in markets all over the country, not only what the consumer is drinking but what the competition is doing. They learn an awful lot from that. An intelligence-gathering system like that can give you some very distinct advantages, if you can find out what is going on. One of the advantages of the Gallo system is that everyone has gone through their training down in Los Angeles or in San Francisco, so they're very well disciplined, and they have a certain common theme that runs through it. So the information that comes out is in a good form, and they're able to digest that. But Gallo certainly has been an innovator. Whether it was with the special naturals such as Thunderbird, or the pop wines with Boone's Farm, and later with Spañada or the coolers, they've been innovators. They've been able to read what the consumer wants. Some people say they're lucky. My definition of "luck" is when "preparation meets opportunity." So they've been ready to go ahead and capitalize on these things.

Teiser: I know they've done some test marketing. Were they at that time putting many products on the market which they then withdrew because they didn't go?

Maher: No. I'm a little fuzzy, because I was working in my narrow spectrum. They were fooling around with brandy in those days, and they had a champagne. I think they had some products under Eden Roc, which was the name of a hotel down in Florida. It's interesting that they played around with brandy for a number of years, and now they have the number one brandy in the country, and it's probably in the top twenty spirits brands. If someone had predicted they would have done that, I think everybody would have laughed at them. But they've done it.

In the champagne business, they built the inexpensive, good value champagne with Andre. They sold it at a very interesting price, $1.99 in most markets, and they created the whole market. In the process of creating the market, they also have dominated that market. So they have been innovative. Not only have they been innovative, I think they've been persistent. When they feel that something is right, they stick by it and put the weight of their organization behind it.

Teiser: The brandy story is interesting. I think they bought their brandy for a long time.

Maher: Yes, they might have. Now they have some huge aging cellars and are making a very nice product.

Teiser: Did Ernest Gallo hire you?

Maher: Ernest and a gentleman by the name of Albion Fenderson, who is the executive vice president of marketing. I worked for Albion, who was a very creative, very innovative, very brilliant man. I was working on a couple of brands. I had Thunderbird, which was a very large product that was somewhat broad-based. Some of it was sold in ethnic markets, and then there was an awful lot of it in the regular broad market. I worked on a brand called Paisano, which was a table wine.

In the latter part of my time there I worked on a brand called Ripple, which was kind of a pop wine. At one time it was made out of pears; it was what we called a peary wine. It had a little carbonation in it and was a very interesting product.

Teiser: When you say "worked" on these brands, what did you do?

Maher: I was in charge of them. I was the brand manager and eventually a group marketing manager.

Teiser: So they had a system similar to Procter & Gamble?

Maher: Yes, they had a brand management system.

Teiser: Was it in place when you arrived?

Maher: Yes, it was. They had some of the talented people working there. In a sense it was like being president of your own company, except you have an outside treasury. They give you a budget, and you're in charge of maximizing the sales and profits of the brand.

Teiser: Did you have any impact upon the production? Did you ever taste a wine and say, "It should be a little more this way"?

Maher: At the Gallo organization, sales and marketing was on one side under Ernest, and on the other side was Julio. From time to time we would go over and taste. Most of my contact with the production side was giving them forecasts, and, if you were changing the package, to make sure that this was what the package design would be, this was what the label would be, and this would be the type of cap. Gallo has great research facilities, and they know an awful lot about the grape and what makes a good grape--i.e., the viticulture aspects of it--and the winemaking aspects of it. They are quite well integrated. They have a glass plant and a trucking factory, they source their own corks. So there was some interplay with production, but not that much.

I left Gallo in the fall of 1968, and I went to work for Heublein. Heublein had just acquired United Vintners in 1968, and I left Gallo to become the assistant director of new products at the corporate staff back in Hartford.

Teiser: I should think it must have been difficult for you to decide to leave Gallo, because they were, I guess, by then the leading wine company.

Maher: Yes, I think they passed United Vintners in either 1966 or '67. It went back and forth, and then they went by us like a shot.

Teiser: Did you have to struggle with yourself to make that decision?

Maher: I think any time you spend time with a company, when you leave you leave a little of yourself and take a little of the company with you. It was a tough decision. Heublein was in interesting company. They were publicly traded; Gallo was a privately held family company. It's interesting that some of the friends I made at Gallo have continued to this day--Albion Fenderson, Ernest and

Julio, Bob Gallo, Jim Coleman, and people like that. I think any time you make a change--whether you just move out of a house to another house--there's a certain amount of emotional baggage that goes along with it. It was a tough decision.

Teiser: If you do stay in any family company, you can only go so far, I suppose.

Maher: Oh, I guess so. Certainly the Gallo company has grown over the years so that there has been room for an awful lot of very talented people--Charles Crawford is one.

Teiser: I know this comes up with smaller wineries.

Maher: I think it's a lot more of a problem in a small winery. Generally when you go in there, there are children who are in grade school or high school or college, and eventually you know that they're going to end up as an owner. The only thing better than being an employee is being an owner, although sometimes being an owner isn't all it's made out to be. [laughs]

Heublein, 1968-1969

Teiser: Did Heublein come after you?

Maher: We had a courtship. We had talked, some of my friends had gone to work there, and it looked like it was a very interesting company. We had talked back and forth, and finally I decided that, at that particular time in my career, it was a good opportunity for me.

Teiser: Did you go to Hartford, then?

Maher: Yes, my wife and I moved once again from California to Hartford. We were back there for a little less than a year.

Teiser: Again, you were in sales and marketing?

Maher: Yes. As the assistant director of new products you were working on a whole variety of products. At that time Heublein was primarily a spirits company, but they also owned Hamm's beer and they had just bought United Vintners. So I was working on new products in each one of those areas. That was a very stimulating time, because one day you were working on a beer product, the next day you were working on a spirits product and a wine product. It

had Smirnoff Vodka, and vodka had exploded then and continued to explode.

In 1968 Heublein bought 82 percent of United Vintners, and 18 percent of it remained with Allied Grape Growers, which was a cooperative down in the San Joaquin Valley. It also had growers up here in the North Coast. As a matter of fact, we still buy some grapes from Allied growers.

Teiser: Heublein had a whole array of products, then?

Maher: Oh, yes. They competed directly with Gallo and were at that time number two after Gallo. Gallo passed them, I think, in '67 for the final time. But they were in the dessert wine business, in the popular-priced champagne business, in the brandy business, and in the table wine business. In 1969 they took a major step by buying Inglenook and Beaulieu, so they had put themselves in the premium wine business, which turned out to be a brilliant step. So they were certainly innovative and forward thinking, because they saw the growth and what was going to happen to premium grapes. They ended up here, owning two of the most prestigious brands and also buying some real estate along with that.

Teiser: United Vintners had by then come in with pop wines, had they not?

Maher: Pop wines were just starting then. Boone's Farm was the major one, and the forays that United Vintners made were later on in the 1970s; we'll get to that in the 1972, '73 period.

Teiser: Were you in at all on the acquisition of Beaulieu?

Maher: No. I had nothing to do with that. I came to Heublein after the acquisition of United Vintners.

GREAT WESTERN UNITED, 1969-1972

Maher: I was working on new products, and in the summer of 1969 a friend of mine from Procter & Gamble went to work for a company called Great Western United. They were looking for someone to be executive vice president of a company called Shakey's Pizza Parlors. They came after me and made me executive vice president, gave me a company car--

Teiser: And all the pizzas you wanted?

Maher: All the pizza my children could eat, and they moved us back to California. This gave me a chance to break out from just being a marketing guy and get into the senior management ranks.

Teiser: What were your duties there?

Maher: At that time Shakey's was the largest marketer of pizza in the world. They had some five hundred what we called pizza parlors, or restaurants, scattered around the country, mostly in the West and Midwest. I was in charge of all the marketing, all the promotion, and all the expansions--going ahead and trying to find new sites, trying to sell franchises, building pizza parlors. It was really an interesting time. We were also the largest buyer of beer in the world. With the five hundred outlets, all of which had beer licenses, we were selling an awful lot of beer.

Teiser: This was your introduction to the restaurant business?

Maher: Yes, which I found to be fascinating. During that period of time I ended up running a small chain of restaurants. We started a steak house chain, called Prime Choice, and also operated a couple of Holiday Inns, so I got into the lodging side of the business, too. It was a great variety of jobs. The company was headquartered in Burlingame, California, for about a year, and then in June of 1970 the company was moved to Denver, Colorado, where the corporate headquarters was. The parent company, Great

Western United, was traded on the New York stock exchange. It was comprised of a sugar company called Great Western Sugar, which was the largest marketer of beet sugar (Colorado is an area where they grow a lot of sugar beets); a land development company; and Shakey's.

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Maher: My wife and I and our five children packed up and moved to Colorado. We lived in a little place called Bowan, right by a seventy-acre lake. It was a wonderful atmosphere for children to grow up in. There were lots of kids the same age, they had a beach to play on. They could swim in the summer, and in the winter the lake froze over.

Teiser: When you were running all these Shakey's and allied enterprises, did you buy wine?

Maher: Yes, we had a few outlets that sold wine.

Initial Interest in Wine

Maher: But I had become interested in wine while stationed overseas, particularly in Puerto Rico. We used to go to St. Thomas and buy wines, mostly French wines, because they were mostly the only wines that were for sale. Then when I came out to the business school, I started drinking wines because my father-in-law introduced me to some of the better wines. From time to time we would come up to the Napa Valley and taste wine. Once you have the reputation as a Californian, everybody figured you were an expert on wines. Whenever people came over we would say that we were not experts, but we had a working knowledge, and the fact that we lived in California and had been to the Napa Valley was an added plus. And we liked the taste of wine.

Teiser: Did you go to some of the wineries around Stanford, up in the Santa Cruz mountains?

Maher: No, there weren't too many wineries in the late fifties and early sixties. This was before the little boutique wineries.

Teiser: How about Paul Masson?

Maher: Yes, it was there, but we used to go up to the Napa Valley, because it wasn't that far away and there wasn't nearly so much traffic then; it was so easy to get to.

Teiser: Was that your introduction to Napa Valley?

Maher: Yes. I came up here with my father-in-law, I think in 1959. That was my first introduction to Napa Valley, little realizing that I would end up living up here for a long period of time.

Teiser: It must have been a pleasing prospect.

Maher: Oh, it was. I wish I had bought some property!

Teiser: So you knew a little bit about wine?

Maher: I probably knew just enough about wine to be dangerous.

Teiser: But you knew about it from the buyer's point of view?

Maher: Yes, from the consumer standpoint. Of course, when you went to work for Gallo you were deeply immersed in the business. You spent a lot of time in the field, you were tasting wine, and the Gallos liked to have you serve the wine, so when you were having a party you were expected to serve the wines. They would give you an allocation of wine, and you could go ahead and use it. When you went to somebody's house, you always brought along a bottle of your wine. Hearty Burgundy is still a great bottle of wine, but then it was probably one of the great unsung values; it was selling for about a dollar, and it had good grapes in it.

Teiser: I remember there were always wine snobs who were so snobbish that they liked Paisano and Hearty Burgundy.

Maher: They might even put them in a decanter so you wouldn't know what they were. [laughter]

Teiser: You were then with Great Western until '72. I thought you were out of the wine business, but you weren't entirely.

Maher: I kept my little toe in, mostly as a consumer, but some of the restaurants sold wine.

[tape speed changes to fast]

Teiser: Then you went back to Heublein? How did you decide to do that?

Maher: It was kind of an interesting experience that usually happens in everybody's life. I had probably one of the best jobs I had ever had, and then a man was brought back into the company and became my boss. [tape changes back to regular speed] We had not gotten along that well when he had left the company a year or so before, so I had the unique experience of being fired on my daughter's birthday in January of 1972 and then rehired back by the board of

directors. About four months later, the same man fired me again. When he fired me the first time, I figured I'd better start looking for a job. I started talking to several companies, and I ended up talking to Heublein. At that time Heublein had an opening as vice president of marketing at United Vintners in San Francisco, and in the spring of 1972 I was hired. I had that job almost all set up; I was interviewing them when I was fired. So I was in the right spot at the right time.

RETURN TO THE WINE INDUSTRY

Heublein, 1972-1975

Maher: I came back in the summer of 1972. At that time Heublein was just launching their pop wine called Annie Greensprings, which became very, very successful because the whole pop wine business was just exploding.

Teiser: We have interviewed Ed Rossi, and he was interesting about the development of those wines.[1]

Maher: Yes, he did a lot of work on those wines, and a lot of work was done back in Hartford in the Heublein Product Development lab. The mix of products at United Vintners was quite interesting, because at that time they owned Inglenook. It was a part of United Vintners, and BV [Beaulieu Vineyard] was a separate organization.

Teiser: Didn't they introduce the Navalle line?

Maher: Yes, at that time Navalle was just being introduced. In 1972 the magnum shape had to be the traditional shape; you couldn't have a fancy one. The government changed the rules in 1973, and we redesigned a nice sexy-looking package for Navalle, and it started really taking off.

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[1]Edmund A. Rossi, Jr., Italian Swiss Colony, 1949-1989, an oral history interview conducted 1988, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1990.

There were several other things going on at that time. Italian Swiss Colony was a big line of table wines, and that was redesigned and repackaged. Another pop wine, T. J. Swann, was test marketed, developed, changed, and became very successful during that time. It was just one of those big explosions; you hit the right flavor, and whoosh, you take off. Boone's Farm had been very successful during that period; they had a whole bunch of flavors.

Teiser: Someone told me that you were brought in to United Vintners at that time so they would pull ahead of Gallo. You were supposed to lead them in that.

Maher: Well, I'm not so sure I was to lead them. I think it was probably defensive. Gallo had passed them in 1967, and they kept widening the lead in that their Boone's Farm was starting to really explode and was opening the lead. I think any time you let a competitor get a major jump on you in accelerating away, you need to slow the locomotive down. I just think the strategy was to go ahead and come out with some new products that would try and reduce some of the Gallo momentum. Of course, when you have a whole bunch of good sellers, you get an awful lot of clout with the retailer. Maybe your second competitor doesn't have the opportunity, so you need to bring some success stories to that retailer so he will understand that you are innovative and progressive and can sell products.

It would be interesting to go back and look at the shares of the market from when Gallo first passed until about 1972. I think you'd see that the gap was opening up, and I think I was brought back to try and slow it down. It was not just me; they had some very talented people there at that time. The man for whom I'm working now, Bob Furek--

Teiser: You've worked with him several times.

Maher: Three times. Despite that, he's done well! [laughs] He was the marketing manager on Annie Greensprings. He started with Gallo in 1966.

Teiser: Was he with Procter & Gamble, too?

Maher: No, he came directly from Columbia Business School to Gallo in 1966, and I think he left Gallo in about '69. Then he went to United Vintners in 1970; he just celebrated twenty years with the Heublein organization. He was the driving force behind Annie Greensprings.

Teiser: My recollection is that United Vintners was starting to crumble in the seventies.

Maher: I left in '75, but I think in '72, '73, '74, and even later, United Vintners actually gained share. The pop wines helped them, the introduction of Navalle helped them, some of the work on Italian Swiss Colony had helped them. They were very deeply into the dessert wine business, and they continued to lose share in the desserts. It would be interesting to go back and talk to Jon Fredrikson and pull out maybe ten years of shares and look at table, dessert, and champagne shares. Gallo was very successful with Andre.

Teiser: I recall going to Heublein headquarters to look up some material. They had had an archive and an archivist, and they were giving up on that. They had fired people, they pulled out of Wine Institute. Wasn't that in the late seventies?

Maher: The Wine Institute withdrawal happened, I think, in late 1975. I left in January 1975.

Teiser: I've never known exactly what was going on. I remember John Cella was there.

Maher: John Cella was the assistant chairman.[2] I really can't comment on what happened after I left. The FTC [Federal Trade Commission] was after Heublein to divest itself of United Vintners, and Heublein ended up winning that.

Teiser: By the time you left in 1975, were they still in a strong position in the market?

Maher: In 1974 they had T. J. Swann, which was doing very well, Annie Greensprings was doing well, Navalle was doing well. I was offered a transfer back to Hartford to become the vice president of marketing in the liquor division, but I wasn't too interested in going back to Hartford. My wife and I had made a decision that we wanted to stay in California.

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[2]See also John B. Cella II, The Cella Family in the California Wine Industry, an oral history interview conducted 1985-1986, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

Nestlé, 1975-1983

Maher: I was approached by an executive recruiting firm--I had been approached over the years by several--and this one looked like a very interesting opportunity to go to work for Nestlé.

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Teiser: You were avoiding being sent East as much as anything else, I gather.

Maher: That, plus the opportunity to become president. I think everybody wants to be the man in charge, and here was an opportunity to go with a company that certainly was committed to the wine business. They had bought an old and renowned name up here, Beringer. They had the assets, and it looked like a great opportunity to go in and see if all these theories I had developed over the years actually made sense.

Teiser: Did you know people at Beringer?

Maher: I didn't know a soul; I didn't know a single person there. While I was going through the interview, my wife and I came up and explored the grounds and went on a tour. We made some notes and tried to learn as much as we could, and I was impressed by the people I had met at Nestlé. They had a company in there whose assets were owned by Nestlé at that time, and there was an overseas company run by a man by the name of Jean Pierre Labruyere, who was the owner of the sales and marketing company. I met these people--

Teiser: Did his family own some of the vineyards?

Maher: No, Nestlé owned the vineyards and the winery, and then there was a separate company that did the sales and marketing, because Nestlé was in the restaurant business and they had not resolved that problem at the time. He and his father were very successful businessmen in France in a little town called Mâcon, right in the heart of the Burgundy area.

Teiser: So you came into that just on principle?

Maher: Principle and opportunity. I was the vice president of marketing and sales, as I'd taken over the sales department in 1972 at

United Vintners in addition to marketing. Here was an opportunity to go break through that ceiling and become president.

Teiser: We interviewed Michael Moone, who indicated that nobody inside the organization at Beringer knew you were coming in; you just arrived. You were presented.

Maher: Yes. Nobody knew I was coming in. The other president was in a ticklish situation that I'd just as soon not go into. I was kind of surprised, because when I left United Vintners I didn't tell them where I was going because the announcement had not been made. There was lots of speculation as to where I was going, so I had a nice week off. [laughs] As a matter of fact, we were down in Puerto Vallarta, Mexico, with some friends when the announcement was made.

Myron Nightingale

Teiser: I know something about your years with Nestlé, because we also interviewed Myron Nightingale. He was full of praise for what you did for Beringer. He just thought you put everything right and helped him personally.[3]

Maher: He was a good man. I really liked Myron. I have a wonderful picture of Myron. When the Swiss drink their white wines, they don't like a lot of oak. They thought we Americans were putting too much oak in the Chardonnay and the Fumé Blanc. I have a picture of Myron where he has a great big glass with a two-by-four piece of oak right in the middle of the glass of white wine, which I sent over to one of the gentlemen at Nestlé. I was always asking for oak barrels, because I was convinced that oak was the way to make good wines.

Myron is one of the great men in this industry, and he did an awful lot. The nicest thing about Myron is not only his technical knowledge, but he is so down-to-earth. He'd scratch his head, and he'd give you an honest answer. Sometimes you'd just wince at the answer, but people loved him, because so many winemakers have such

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[3] Myron S. Nightingale, Making Wine in California, 1944-1987, an oral history interview conducted 1987, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1988.

an elitist attitude, and they speak in parables above the flocks. Myron loved wine, and he also liked a good martini.

He did an awful lot for that company, not only in the winemaking but also on the sales side. He would go out and talk to a wine writer and just captivate him. Alice was a good assistant. We did the botrytis experiment; we recreated that and put together a little lab where he could do that.

Myron was a good man, and they have an excellent winemaker now by the name of Ed Sbragia, who was really outstanding. He worked with Myron for a number of years and has certainly come into his own and made some wonderful wine.

Teiser: Nightingale indicated that there was a tremendous difference in working for Nestlé and Beringer and for National Distillers.

Maher: He worked for Guild for a number of years--Roma, I think.

Teiser: He indicated quite plainly that National was not mindful of their employees, that they were not pleasant to them, whereas you were; you were thoughtful of them.

Maher: Well, you have to realize that I'm not really in the wine business, and when I worked for Shakey's, I was not in the pizza business; I'm in the people business, and you get things done through people. I think you need to treat people the way you'd like to be treated.

I've worked with some wonderful bosses. The best demonstration I ever saw of leadership was in the Marine Corps where a man took a piece of rope and tried to push it, and it just wiggled all over. He said, "That is not leadership. This is leadership--when you take the rope and pull it." I think you lead by example, you need to be visible, and you need to be concerned with people. You have your concerns, and I have my concerns. We have five children, and sometimes they drive us crazy, particularly when they were younger. Or when you have somebody sick, a parent who is ill--these people have the same concerns. You need to make them understand that they are appreciated and share some of those concerns.

You need to be visible; you need to get around and talk to people. I think it's very good when you go around and demand certain standards and enforce those standards, assuming they're not ridiculous standards. You can change attitudes. It takes a lot of time and effort. I was a bug at the Rhine House at

Beringer about keeping that place clean. I drive them crazy at our hospitality centers here. My idea is that a cigarette should be picked up on the second bounce. I just think that when you are in the premium wine business, your wineries, your vineyards, and your hospitality centers need to be very clean, because you're in a business where cleanliness is very important.

Teiser: People we interviewed earlier who worked for national companies were not so outspoken, but still there was always this echo that national companies didn't understand wine and California people, and were hard on everyone. For instance, they'd send somebody out who was a bookkeeper, a numbers man, to tell California people how to make wine. I wonder if this has changed. I don't hear that anymore.

Maher: I think any company that buys another company always figures they're going to buy it because they're smarter than the people who owned it before. The wine business is a highly technical one. Let me talk about Nestlé for a moment. I was very impressed by Nestlé because they were very interested in quality. Their products are outstanding, whether it be the breakthrough they made with Stauffer Lean Cuisine, their coffee products, or their chocolate products. When you would talk to them about quality, you would get their attention. That's how those assets were built over there; they were willing to build. They have four large barrel storage areas, and you could just figure out how many oak barrels there are in there and multiply by $300. There's a hell of a lot more wood over there than there probably is in some of the lumberyards in the Napa Valley.

And the stainless steel--our industry has undergone a tremendous transformation. Cold fermentation of white wines in stainless steel has made the wine market explode. We taught the Italians and many others how to make good white wines, and sometimes it's come home to haunt us, as many countries are making very nice white wine. We learned the nuances of oak. American oak, yes, is very strong, and now you hear winemakers debating whether to have Yugoslavian oak or French oak; which type of French oak? How is the grain cut? We've made tremendous progress.

You have to realize that we are a very, very young wine-drinking and wine-producing country. Prohibition was over on December 5, 1933, so we've got fifty-seven years. The table wine business, as I said--back in 1960, thirty years ago, we were drinking more dessert wines than table wines. So the table wines have really started in the last twenty to twenty-five years. Look

at Robert Mondavi, who started in 1966, and the tremendous impact he's had, not just on the Napa Valley, not just on the United States, but all over the world. And we have the Joe Heitzes and people like that.

The important thing is that you can look at the French and the Italians, who have been making table wines for hundreds of years, and we have been making table wines for really, say, twenty-five years and have made tremendous strides forward, whether it be in viticultural techniques, yeast, stainless steel, or the cleanliness of our wineries. I think our wineries are cleaner than any wineries I have seen anywhere else in the world. Most importantly, we've made steps forward in terms of quality. Napa Valley wines, I think, are among the finest produced in the world. Right across the mountain, I think our Sonoma wines are almost as good. We [in Napa County] might have a little better reputation; some people feel, certainly in Sonoma, that it's not deserved. But we've made tremendous strides, and it's been compressed into a few number of years. I'm very proud of our industry for what they've done.

I can go anywhere in the world and proudly say I'm from the Napa Valley. Somebody will have tasted our wines and recognized the quality of them. They also recognize the strides that California has made. I'm proud of being in the Napa Valley, but I'm also very proud of California. End of sermon.

National and Multinational Companies in the Wine Business

Teiser: To go back to the business of national and multinational companies buying local companies, they always say, as they said about Beaulieu, "We wouldn't have bought it if we were going to change it; we bought it because we like it the way it is." But most of them do change them.

Maher: Let's talk about Nestlé first of all. When they bought Beringer in 1972, Beringer had quite a tainted image. I mean, the polish had gone off the automobile. Nestlé made tremendous investments; they bought an awful lot of vineyards, they leased a lot of vineyards, and some of the people that were hired from 1975 on--they hired a man by the name of Bob [Robert E.] Steinhauer. I think he is one of the best viticulturists in the Napa Valley. He came there I think in 1978. And they hired Ed Sbragia; Mike [R. Michael] Moone was hired. Mike Moone is a very interesting

talent--Procter & Gamble, lived in South America. I think he's done an outstanding job. There's a man there by the name of Walt [W. T.] Klenz, who is the vice president of finance and also runs the production side. He's an MBA from Tulane who worked at United Vintners, and he came to Nestlé in 1976. There's a fellow named Jim [James F.] Tonjum, who is the vice president of marketing and sales. He came there in 1975. Those people [Klenz and Tonjum] are still there; they've been together for fifteen years, and they're a great management team. They've tapped into the pockets of Nestlé, but they had to tell Nestlé how to spend the money.

Teiser: Your predecessor at Beringer did buy vineyards, didn't he, for the company?

Maher: His name was Bob Bras, who I think came out of coffee business.

Teiser: Myron Nightingale thought the purchase of those vineyards was a good step.

Maher: Yes. I think that was driven by Nestlé; Nestlé likes hard assets. They like factories, they like coffee-roasting plants, they like land, they like buildings. I think Nestlé wanted to go ahead and secure the source of supply (good vineyards).

When Heublein bought BV and Inglenook, they had two jewels. The winemaking techniques, I will tell you--BV is one of the few wineries that still uses American oak on their private reserve, and they've been using American oak on their private reserve forever. So they changed very little right there. Inglenook has had some changes, but most of the change was probably the introduction and development of Navalle. Those Inglenook-Napa wines are still just as fine as they were thirty years ago. Everybody said that Heublein was going to screw up BV and Inglenook when they bought them twenty years ago, but the quality is better now than it was back in 1969 when they bought them. Once again, they put in stainless steel and cold fermentation, oak, and lots of chilling capacity in both places.

Multinationals have changed their approach over the years. It used to be that a multinational did business in a foreign country with one of their own nationals there running it. Now when you look around, things have changed so much that you have Americans running the American company, and you have French running the French company. I think they've learned to push things down. Also, multinationals have become so big. Nestlé is $25 billion; they have to give some autonomy to people in the field.

Teiser: Did Nestlé send people here?

Maher: Oh, we used to have visitors. They were very interested, and they would send people out to look at your production facilities. And they provided an awful lot of expertise. They've been building facilities all over the world. We talked about selling skills being the same, some of the engineering and production skills to put something together also have some compatibility. I mean, you're dealing with refrigeration, heat, steam. A lot of expertise came out, but they left us pretty much alone, as I understand they're leaving Mike Moone alone. Obviously, if you do well, they're going to leave you alone. If somebody says, "I'm going to sell ten cases," and he sells eleven, getting a good price for it and making your profitability goals and not being sued by the government for compliance violations, they're going to leave you alone. It's when you don't perform that people get nervous.

Rebuilding Beringer's Reputation

Teiser: Somehow, quite quickly, I think, you reversed the damage that had been done to the reputation of Beringer. I think, as you said, it had fallen into low esteem when Nestlé bought it, and it built up very steadily, did it not?

Maher: I think it did.

Teiser: How did you do that?

Maher: I think you start with quality. If you can put good quality in a bottle, the consumer is going to find out about it sooner or later. There's the long term--you start with your vineyards: let's make sure the viticulture practices are good. For example, there was a great move on to move to mechanical harvesting. We tested for three years. We used to pick a row by hand and pick a row by mechanical harvester, and then we'd ferment them separately and see if we could tell the difference. The first year we could, the second year it got closer, and the third year we couldn't tell the difference.

Teiser: Is that right?

Maher: You can do things like that. A lot of experimentation went on with oak: what's the right amount of oak? How do you utilize oak? What wines should go into that?

The other thing is trying to determine what you're going to be selling. When I first came there I think there were twenty-three varieties of grapes in the Beringer vineyards. You needed to determine what people were going to be drinking in the future. We started gravitating towards the noble varieties--Chardonnay, Cabernet Sauvignon, Sauvignon blanc--and taking out some of the old--the Grignolino, French Colombard, and some of that stuff. During those days, Chenin Blanc was a big seller. Chenin Blanc was a predecessor, I think, of White Zinfandel. The American taste is a little sweet, and here you had something that was served chilled.

Ruth, you look at what we drink: we drink forty gallons of soft drinks, ice cold; we drink twenty-seven gallons of beer, cold; we drink twenty-some-odd gallons of milk, cold; we drink twelve gallons of juice, cold; we drink tea, but a lot of it is iced tea; we drink water cold. What do we drink hot? We drink coffee hot, and I think until the last couple of years coffee consumption was going down. So America's taste is really in the icebox; just about everything we drink is cold. That's why the majority of wines that are sold are cold; America's taste is in the icebox.

We also like sweet things. White Zinfandel, to me, is a cross between real wine and soda pop. It is cold, it is sweet, and I think it's wonderful. We sell a lot of White Zinfandel. I think White Zinfandel, nicely chilled, is delightful. It's great with fruit salads and things like that. I think it's important to have a drink like that to bring wine drinkers in. I think Chenin Blanc did that early, and now I think it's been replaced by White Zinfandel. Maybe I'm twenty-five years old and drinking my first glass of wine--fifteen years ago I might have drunk Chenin Blanc, but now it might be White Zinfandel. So I think there are what I call starter wines.

Look what Sutter Home has done. They started out just selling White Zinfandel, and now they're going to sell a lot more Chardonnay, and they're selling Sauvignon Blanc. Back to Gallo--Hearty Burgundy, Chablis Blanc, and Pink Chablis brought a lot of people into the wine business.

The other important thing is that while we did all these things to improve quality, you also need to improve the quality

aspects that you exhibit to the consumer--the packaging, the labeling, the promotion, the advertising.

Teiser: What kind of promotion did you do?

Maher: In promotion, what you're trying to do first is obviously to get distribution, and you want to get distribution in grocery stores for certain products, you want to get into restaurants for your reserve wines, you want to get into fine liquor stores, and you want to have a couple in the convenience stores so that when somebody comes in they can buy a bottle of, say, White Zinfandel or Chenin Blanc. So the promotion is several-fold. First of all you provide pricing incentives to the wholesaler to have the retailer buy it. Secondly, you put together some very interesting point of sale. It might just be that you win an award. In the early days, you might get a nice write-up, and you might run an ad or put it on the back of a card that says, "Award-winning wine. You'll love it. Robert Lawrence Balzer says, 'The best Chardonnay I've tasted in the last five years'."

You have to realize that the retailer is always looking for a new idea. He gets so many things that have a picture of a little grape vine with the sun coming up or going down. If you come in with an interesting idea, a good program that's properly priced and supported with advertising, and your package is attractive, you can go ahead; you've enlisted an ally. It's a two-way street; you're helping him, because he needs to put a wine out, and he's helping you by giving you the business. What you need to do is put together a complete package to market this to him, and eventually to the consumer.

Several things have happened. First of all, our technology is such that it's hard to find a bad bottle of California wine. Twenty years ago you took your chances. The other thing is that it is pretty hard to find ugly wine labels. I mean, you've got people who have made fortunes--artists' great pastel drawings; label designers are making a fortune. The wine label has improved. You should go back and find some old wine labels from twenty-five years ago; it's just a contrast--ugly. Packaging and photography have made great strides.

Wine writers are interesting. We all know the demographics of the wine drinker. The more education he has, the more money he has, the more likely he is to be a table-wine drinker. The other interesting thing is the phenomenon I call psychographics--what goes on in the wine drinker's head. The typical wine drinker is active, sophisticated, but doesn't know too much about wine.

Therefore we've given rise to this second-party endorsement, i.e., the wine writer. You know, I'm starting out drinking wine, and my boss is coming over. I read a wine column, and he recommends a good white wine and a good red wine. I can be influenced by him. I taste some of those wines, and I gradually build my own confidence and go out and buy it.

You don't see many wine writers in France, I don't think, or in Italy. It's an American-United Kingdom phenomenon, and they've been very helpful to us. You also need to make sure that they get the proper products and that they understand the story that you're trying to tell. Myron was great with wine writers. He could tell that wonderful, folksy story and rub that little, old, bald head with the crew cut and say, "Oh shit!"

Teiser: I remember years ago an editor of a wine magazine I wrote for kept wanting tasting notes, and I hate to do tasting notes. He was a pretty successful editor, and he said, "What people want to know is what to drink. When they read a wine magazine, they want to be told what to buy."

Maher: I think that's absolutely true. Look at the wine magazines; every time you turn around there's a new one.

Teiser: Look at the Wine Spectator.

Maher: Wonderful. It found a little niche, and it kind of crawled in and expanded and wiggled around. It's like putting water in a crack in the wintertime; it freezes and expands, creating a bigger niche.

There are different types of wine writers. Wine writers now are getting like theater reviewers. It used to be that the wine writers weren't too critical of the industry, but now, if you produce a bad bottle of wine--and sometimes even if you produce a good bottle of wine and the guy doesn't like it--you can really get slammed. I can imagine if somebody gets a 62 in the Wine Spectator, it's tough to sell your wine. On the other hand, if you get a 90, whew, it flies off the shelf.

Teiser: I remember one winemaker complained that Robert Parker never liked his wines, and apparently that has an effect.

Maher: Oh, it does. I think Parker has a very definite palate, and I think he leans more towards Bordeaux. The only thing that bothers me is that as some of these wine writers become increasingly more

powerful, they can almost dictate styles of winemakers. I don't know if that's happened, but I can see where it could happen.

Teiser: I can see where Parker could swing some things.

Maher: I hope I never have a winemaker like that, who would change a wine style because of a writer's criticism. I'd fire him.

Teiser: I used to review books, and I thought that wine reviewing was a good deal like book reviewing, and that really you ought to state your bias first.

Maher: Oh, yes. There are certain things I like, and we do a lot of blind tastings here. We get our senior managers and our winemakers around, and we do them blind. Then we rank them, and then we discuss them. [laughs] You can get variations all over the lot; you can get variations day to day. You can do the same thing the next day, and, if you go home and have garlic, your palate changes. I had a friend with a great palate who gave up smoking. He was no damned good for six months, because he had to take that little piece of gum out and put another one in and restock his taste inventory.

Wines change. Taste a wine now, and then taste it an hour later. We're going through the fiftieth anniversary of BV right now, and we're tasting some old wines. They really taste one way, and then they move, and maybe an hour later they're gone. It's very interesting to taste them over time.

Teiser: You did manage to rehabilitate Beringer and its associated enterprises.

Maher: We had a very good team there. We brought some people in, and they worked very hard. They were dedicated to improving it. You had a nice parent in Nestlé, who was interested in quality and willing to make the commitment to quality, and most of all they were very patient. The chairman of Nestlé said to me once, "Don't worry about how you leave the company for your successor. Worry about how you leave the company for your successor's successor." That is truly the long view.

Teiser: Now, that's a change from the attitude I was speaking of earlier. Earlier owners didn't realize that it takes time.

Maher: Theoretically, if you had the wrong grapes in, you'd have to pull them all out and start again. This business is a long-term one in terms of the grape. We're trying to decide now what the American

consumer is going to be drinking in the year 2000, because if he's going to be drinking something else, you've got to pull out the vineyard you've got and plant it.

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Teiser: What about phylloxera?

Maher: It's not like the 1890s; it's not going to wipe out everything.

Teiser: Were you at Nestlé Wine World for the acquisition of Souverain?

Maher: No, I was with Nestlé at Beringer from February of 1975 until December of 1983.

Wine World, Incorporated

Teiser: Let me ask you to clarify all these names. There's Wine World, and there's Nestlé, and C & B, and Beringer.

Maher: Okay. The name of the company--the corporate name--is Wine World, Incorporated. Underneath that it has a brand called Beringer. C & B was Crosse & Blackwell Cellars, and that was the import arm. When I came in 1975, they had a whole slew of imports; they had wines from Italy, France, and they were selling the Paarl wines from South Africa. One of the first things we had to do was to take a look at all these products they had and determine which ones we wanted to keep and which ones we wanted to get rid of. They had big commitments in Bordeaux, and in the Western states they were selling the Joseph Drouhin line of burgundies, which were truly an outstanding wine. They were selling Beaucastel, which is the fine Rhone wine. Chateauneuf-du-Pape. They were selling Lamberti, Nino Negri, Fontana Candida. We had to sort out what ones we wanted to keep, and also some of the suppliers weren't happy with us.

We picked some of them. One of them that we kept was a brand called Fontana Candida, which in 1975 sold 1,200 cases. I think when I left it was selling over 300,000 cases.

Teiser: You were bringing that in under temperature control?

Maher: Yes. It was a very delicate wine from about twenty-five miles outside of Rome--just a delightful wine; just what the American

palate liked. I guess Brown-Forman [Beverage Company] has bought the distribution rights for it and is selling it now, and it's still doing over 300,000 cases.

Teiser: You were bringing it in under temperature control?

Maher: Below deck. We'd make sure they were below deck, and we would put temperature devices in so we'd be able to read what happened to it. It would record all the temperatures, and you'd look at the thermograph and be able to tell whether it was exposed to hot temperatures. A lot of times the stuff would come through the Panama Canal, and it could be baked. So you made sure it was put down below the deck so it wouldn't get too hot.

They built up quite a portfolio. Then there was another product called French Rabbit, which was the one I always liked. It had almost a Playboy-like label of a bunny on it. We sold a couple hundred thousand cases of that. We worked our way out of the Bordeaux situation by terminating contracts and selling the myriad cases in inventory. To me, the Bordeaux--I don't know if any of them make money on Bordeaux, except maybe the retailer and the chateau.

The backbone of the import division, which was C & B--we abbreviated that from Crosse & Blackwell because there was a Crosse & Blackwell Food Company; we used to call it the Plum Pudding Company.

Teiser: They separated, did they?

Maher: I think if you look at some of those labels now, it says, "C & B Import Cellars," but that's just kind of the brand name or the importer name given to the Wine World products, so it was Beringer.

Teiser: Does Crosse & Blackwell still make food products?

Maher: I think it's a subsidiary of Nestlé. Great quality; the jams used to be just outstanding.

Seagram, 1983-1985

Teiser: How did you happen to leave Wine World, then, and go to Seagram?

Maher: I'd been there nine years, and an executive recruiting firm came along. This was right after Seagram had acquired the Coca Cola assets--Taylor California Cellars, Sterling, Monterey Vineyard. Here was an opportunity to become president of the second-largest winery in the world, second only to Gallo. I guess I was looking for another challenge, and here was an opportunity to go run a company that was about $350 million in sales--kind of exciting. Could one go ahead and put Paul Masson and Taylor California Cellars together? Could one do such wonderful things?

We debated it long and hard. That job was the good news. The bad news was that it was located in New York City. It was an interesting change. My wife and I had never lived in a big city, we'd never lived in an apartment, and we'd always had lots of kids around. We moved to Manhattan, rented an apartment on the East Side, and left all the kids. I was back out here a lot because they had a facility in Gonzales, they had Paul Masson down in Saratoga, and they had Sterling. I spent a lot of time on an airplane going back and forth. It was one of those challenging assignments that didn't work out quite as well as you thought it was going to.

Teiser: You said second-largest winery.

Maher: Yes, when you took all the cases in its whole.

Teiser: Was it called the Seagram Wine Group then?

Maher: Yes. Seagram bought the Coca Cola interests before I arrived in the fall of 1983 and came on board; I was back there for the fiftieth anniversary of the repeal of Prohibition. I want to say December 5, 1983; I think that was fifty years to the day.

Teiser: As I understand it, Seagram wanted to build their brands--I don't know if it was any one brand or not--

Maher: I think they were concerned about the size of what I would call "critical mass." They were in the wine business with Paul Masson, and they saw an opportunity with the Coca Cola properties to kind of leap-frog competition. It would probably take them ten years to achieve this mass if they could grow Paul Masson, but they could all of a sudden add whatever millions of cases Taylor California Cellars had, so they could really build a critical mass and be much more important to distributors. It also brought them an entry into the premium wine business with Sterling, which is an outstanding brand, and it got them in the Monterey Vineyards down on the Central Coast. They bought the New York facilities and

brands with Taylor. Of course, Great Western and Taylor champagne were big, and there were a lot of desserts.

So all of a sudden they had this critical mass, which enabled them to leap-frog over several of the other competitors. That was the challenge: how do you take all these pieces, sort them out, and then put them together in the best fashion?

Teiser: Why didn't it work?

Maher: Oh, I think several things were going on at that time. This was the summer of 1983, and the swing started away from jug wines towards fighting varietals and varietals. Secondly, they probably paid too much money for it; I think they paid well in excess of $200 million for that. There were certain social things that were starting to groundswell. We're seeing it right now; some people call it neo-prohibitionism--a groundswell against drinking. I think people who drink are perhaps drinking less; they're concerned with health and with being in good shape. It would be interesting to look and see what has happened to wine consumption; it's been down the last couple of years in a row. I think some of the seeds were sowed at that particular time.

They were also a liquor company, and the wine business is a different business with different profit margins and problems. It was a tough time to buy that. They probably could have bought it for a lot less. Plus Gallo is a tough competitor, a very formidable competitor.

Teiser: Let me ask you this about that: you have a company like Heublein, and I know it was having cross-currents in its management and its point of view during these years. Gallo may have cross-currents, but it certainly doesn't ever indicate that it's doing anything but working in unison. And it's elastic. Isn't that a tremendous advantage over any other large company?

Maher: I think so. I think Gallo is kind of like an avalanche. You might move it and make it go a little faster, and you might slow it up a little or make it move a little to the left or a little to the right, but you're not going to stop it or turn it around. It's got a very sound foundation, and an excellent sales force; I think they have the best sales force in the wine business. They're dedicated; they're kind of like Rommel's panzer corps. They've all been through systematic training, a lot of the people are home-grown, and there's a continuity of purpose. Ernest and Julio have been running those companies sixty years.

Teiser: Continuity of purpose is achieved when you have continuity of leadership which can make decisions fast. Could Nestlé do that?

Maher: I think Nestlé has done that.

Teiser: Can it move fast?

Maher: Oh, sure. There's a lot of autonomy out here. I think you've got continuity of purpose, and you have continuity of management there. When you look at their senior management, they've been in place fourteen or fifteen years. I guess the last one to come was probably Bob [Robert E.] Steinhauer in 1978, so the least senior manager has been there twelve years. If you look at their continued record--I can tell you exactly how many cases they've sold: in 1975 they sold 351,000 cases. I don't know what they're selling now, but they're doing a couple of million cases. So each year you can track it. I think continuity of purpose and continuity of management are important.

Teiser: Back to Seagram during this period when you went to it, wasn't that the period when Mary Cunningham was there?

Maher: She had left before I arrived there, but she had been involved in wine strategic planning. She had been hired as a consultant and had been working there. She had some input. She was one of the people who recommended that they buy the Coca Cola facilities because it would give them that critical mass. But I don't think she was ever involved in the day-to-day operation of the wine business, even before.

Teiser: Schlem was?

Maher: No. Paul Schlem used to own Gold Seal, a winery in upstate New York. He signed what I would call a performance contract with Seagram, and Seagram didn't make the yearly quotas. I guess it was cheaper for them to buy the winery than it was to pay the penalties. So he sold to Seagram, and he had done some consulting for them once upon a time, but he was not active. He owned some vineyards down in the Central Coast.

Teiser: Who was calling the shots at Seagram? Or was anyone?

Maher: Oh, yes, I was running the business, reporting to a gentleman named Phil [Philip E.] Beekman, who was the president of the company. The chairman was Edgar Bronfman, Sr. Edgar was still involved in certain aspects of the business--obviously, the strategic path, where you were going to go. He was involved in

the advertising and the labels. He liked to see the advertising, and he liked to see the labels. Generally that happens. It happens at Gallo; before you produce a new label, Ernest Gallo sees every label and approves it, and the same thing on advertising. Generally those are the things that are exposed to the outside, so you want to make sure you're not making a mistake.

I ran the Seagram Wine Company from January of 1984 to August of 1985. I was responsible for the sales, marketing--everything. Then they divided the company in half that summer, and I had a choice of staying in New York, running the sales and marketing side, or coming out to California and running the production side. I was one of the few people who knew that Carmel is only twenty-five miles from Gonzales, so I went to Gonzales and moved to Carmel. [laughter]

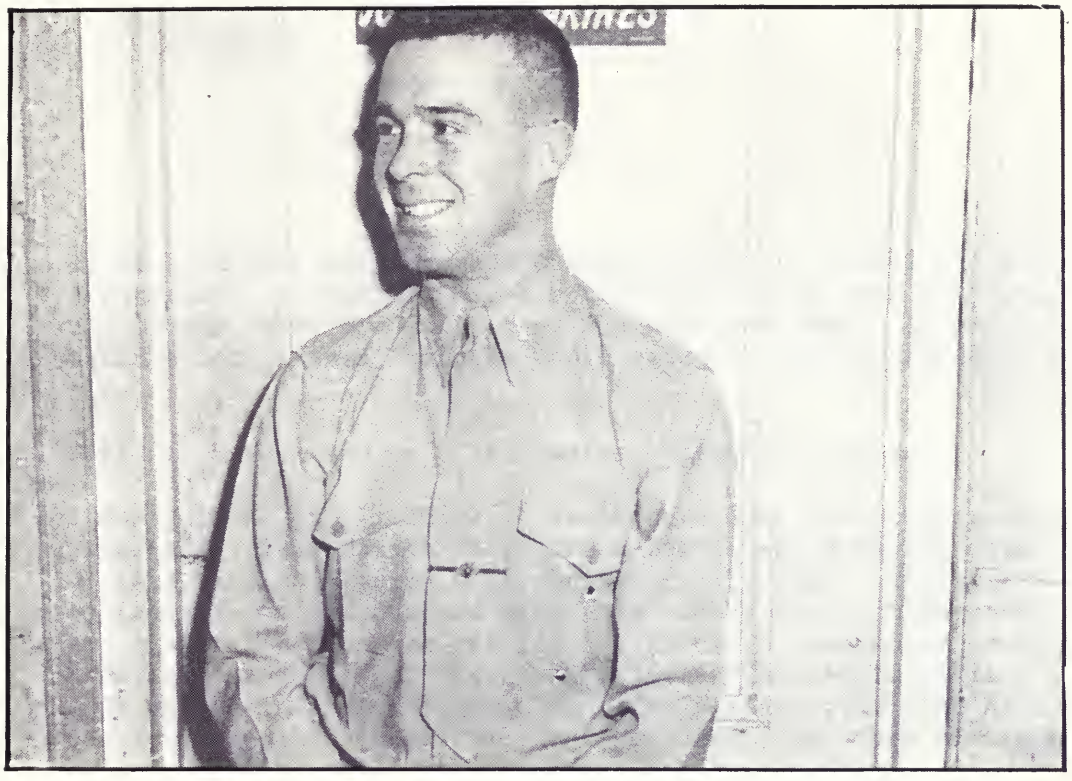
Teiser: At that time did they really still think they were going to build up Masson and Monterey Vineyard?

Maher: We had a strategic task force that started, I would say, in the spring or late winter of 1985, taking a look at the wine business. In my own mind I had determined that Seagram was realizing that they had made a mistake in buying all those properties, that they really didn't want to be in all that business, and that the future of that business wasn't that good. Because, once again, they were competing head to head with Gallo. It's tough.

Teiser: There was a point of view that if they'd really put their strength behind the Masson label and the whole Masson operation, instead of letting it run down, which I guess they did, they could have succeeded.

Maher: I was gone; I had left the company in the early summer of 1986. I think as a result of that strategic task force they had made the decision to sell the lower end of the wine business. In 1985 they put together something called Seagram Classics, comprised of Sterling, Monterey Vineyard, and some of their imports--they had B & G, Mumm, and some of those other imports--and they set this up as a separate company run by Sam Bronfman, who was Edgar's son. We were left with the rest of the business, which was the Paul Massons, the Partagers, the Taylor California Cellars, and the Great Westerns. In my mind of minds, I can just see that they were not achieving the sales and profit objectives, and I saw that this was something that they were going to get rid of.

Teiser: Was there potential in Paul Masson to move it up into a quality wine?



Richard L. Maher, 1956, 2nd Lieutenant, United States Marine Corps, at Okinawa.

Richard L. Maher, center, at Seagram Wine Company, 1984; Sam Bronfman, right

Maher: I think it was always a good quality wine. It always had a good reputation. I think it had a better reputation than just about any of the other brands in that jug wine category. It would have taken a lot of work, but the whole category was shrinking at that time.

Teiser: Could it have moved up to a premium category, I wonder?

Maher: I don't think so. I think it could have done some things with varietals. Paul Masson is priced a little above Taylor California Cellars, and that price differential really hurt. You're trying to separate two brands and give them each a distinct personality, and one distinction was pricing. I think in that whole category, Navalle, Almaden, Paul Masson, and Taylor California Cellars all were viewed in the consumers' minds as parity. You like Almaden, and I like Inglenook Navalle, but you don't like them enough to pay another thirty or forty cents a bottle for them.

Teiser: Masson had had a premium image much earlier.

Maher: Great distribution. When you went to the Midwest twenty-five years ago, that was on every wine list. That and Lancers and Wente's Gray Riesling were on the wine lists across the country. Paul Masson, probably some time in their life when I was there, had a chance of going up or going down. I think they determined to get into what I call that great sub-premium of jug wine category, and they just as well could have moved up.

Teiser: I don't know when that happened. I talked to Otto Meyer, for instance, and it doesn't sound as if he had that in mind.

Maher: No. But the facility they built down in Saratoga certainly was a jug wine facility.

Teiser: Monterey Vineyard did have, I suppose, the ability to--

Maher: Monterey was kind of a bastard child. That was a strange phenomenon of the early seventies. There was a farming company, and then there was a production company with Dick [Richard G.] Peterson, and then there was a marketing company that McKesson was involved in.

Teiser: McKesson pulled out.

Maher: Yes. Monterey was interesting. It was a new growing area at that time. They've learned a lot about how to grow grapes down there,

and a lot of the grapes coming out of there in the early days, particularly the Cabernet, had a bell pepper taste because of the cold climate. I don't think they were the quality that everyone thought they were going to be. Now they're learning a lot more about Chardonnays coming out of that area, and I think they're making some outstanding wines along the coast.

But Napa is a long-time grape growing area, and Monterey is relatively new; it's been within the last twenty years. Now Monterey Vineyard and Morgan [Winery] and some of those wineries are making some really nice wines. Chalone [Vineyard]--some of the stuff coming out of there is really great. But you really have to learn to live with the micro-climates and the soil types. They've got that wind down there; the vines are all leaning one way. It's a cool climate.

Teiser: In the midst of your being there in charge of those wineries, Dick Peterson left, didn't he?

Maher: Yes. Dick Peterson worked with me for about a year and a half or so. I would say he left in the fall of '85, or maybe the spring of '86. He was just involved in the Monterey Vineyard, although we used his great technical knowledge throughout.

Teiser: So you had to find someone else?

Maher: Yes. I found a man by the name of Cary Gott, a good man. I'd heard about him, and I interviewed him. Then I gave him to Sam Bronfman, and Sam was the man who made the hire. I knew his father; his father was Jim Gott, who was in charge of the North Coast for Heublein. Jim was a production man, retired from Heublein, who was very knowledgeable and ran the production side of Inglenook.

Teiser: You must know everyone in the California wine industry.

Maher: I hope so. [laughter]

Teiser: This brings us up to your present position.

CHRISTIAN BROTHERS, 1986-1989

[Interview 2: April 5, 1991]##

Teiser: I'll begin by asking you about coming to Christian Brothers. Why did they need you? What had happened to them so suddenly?

Maher: The Christian Brothers were undergoing a transformation. In 1983, after losing share in both the brandy and wine business, they bought back their distribution company, Fromm & Sichel. Prior to 1983, Fromm & Sichel had been owned by Seagram, with the majority interest, and Alfred Fromm, the great pioneer who really was instrumental in building Christian Brothers brands throughout the country. In 1983, the Brothers bought the business back so they could go ahead and control their destiny. I think they took a look around and saw that in some ways the spirits business and the wine business had kind of passed them by. They set up Fromm & Sichel over in Santa Rosa, having moved it from the Wine Museum on Beach Street in San Francisco.

The man they had hired to run the business had left. I had had a long association with the Christian Brothers since 1975, as all five of our children had gone at one time or another to Justin Siena High School down in Napa. My wife and I had been active in these associations and all the activities that go with a Catholic school. They have low tuitions, but they have a fund raiser every month. I had spent a lot of time with Brother Gary York when he had gone from the school side of the business into the winery side. He had taught our children, and when he came into the wine business I spent a lot of time with him. In a situation like that, you get to know all the brothers. Of course I knew Brother Timothy [Diener] and some of the other brothers. The brothers rotate back and forth; some of them go in the winery, then they go back to teaching in the various schools, and then they would go to

St. Mary's [college]. So I knew a good cross section of the brothers at all levels--the middle levels and the top levels.

We had kind of a long courtship. I think it was almost a four- or five-month courtship. They were asking me what I thought of the business, and I was asking what their expectations were.

Teiser: Were you analyzing their problems as you--

Maher: I think as you interview any company you always need to understand what their problems are and what their expectations are. Sometimes if the problems are too great and the expectations are too high, and you don't have the tools to solve it, it can be a no-win situation.

Teiser: How large a factor was Alfred Fromm's retirement?

Maher: Alfred Fromm's retirement didn't have anything to do at least with my coming to work for them.

Teiser: But with their decline?

Maher: I don't know what the reasons were for the decline. The spirits business had changed tremendously. Christian Brothers brandy had been unchallenged for a number of years, and then Gallo started up. Gallo had several false starts in the business, and I think at one time they even had a brandy called Eden Roc, which was a brand they had used for a lot of things. I think it's just that you have to realize that in the wine business there is probably no more formidable competitor than the Gallo Winery. I think Gallo's strategy was brilliant. They priced it just a little less than Christian Brothers, they came out with a package and labeling that were far superior to Christian Brothers. First of all, it wasn't even a race; it was kind of like the tortoise and the hare. Eventually Gallo became a dominant factor in the business, they were so strong with their execution. I think the Gallo distributors are among the best distributors in just about any market in which you go.

And the wine business had also changed. The Christian Brothers had been a factor in the medium-priced wines and some of the flavored wines. In the seventies and eighties, the wine business was changing; there was a move away from burgundy and chablis to the varietals. Although the Christian Brothers had the largest holdings of vineyards in the Napa Valley, they had not really taken advantage of that.

Teiser: How big a factor was their decision not to vintage-date their wines?

Maher: I think that was part of the problem, but there were probably a whole bunch of other problems rolled into that. Christian Brothers, perhaps, didn't change, but the rest of the industry changed. All of a sudden people were running a little faster. Whenever you're a market leader, and sometimes when you're involved with the church, there can be a certain amount of complacency.

Teiser: So you decided to come in?

Maher: We decided to come back to the valley. It was a nice homecoming, obviously, because we had not sold our home. It was a very easy move; we just took the clothes out of one closet down in Carmel, put them in the back of the jeep, drove up here, and hung them up in the same closet we had left two and a half years ago.

Teiser: Do you have a vineyard here?

Maher: Yes, my wife has a small vineyard called, funny enough, Marcia's Vineyard. She has sold to such wineries as Duckhorn and San Clement, and she's now selling to Caymus. It's a small parcel of excellent Cabernet. That's how I keep in touch with the industry--being married to a grower. [laughter]

Teiser: I should think this would have been too small a challenge for you.

Maher: Oh, I don't think it was too small a challenge. Here was one of the great labels in California wine history having some rocky times, and here was an opportunity to come in and not just turn the marketing side around, but go ahead and participate in the next step, whatever that was going to be, with the Brothers. It was an opportunity to get in both the wine business and the spirits business, and there was a chance to do a rebuilding job. I think those are always the most challenging opportunities that you have.

It turned out to be very challenging. Part way through the tenure we started having some discussions with the Brothers, and I had recommended to them that they should take a look at what I call "return on investment." They were making money in the wine and brandy business, but they had assets that they had bought a long time ago that were worth a lot of money; the market value was a lot more than the book value. They had bought vineyard land at three to four hundred dollars an acre, and in some cases it could

be worth fifteen to twenty thousand dollars [an acre]. You have to make quite a return on that.

During this whole period, talking with the Brothers and what they wanted to do--you have to realize that the Brothers were not primarily in the wine and spirits business; they were in the education business. They have a particular affinity for teaching the underprivileged, as evidenced by their schools: they have a school in Los Angeles that is, I think, 99 percent Hispanic; they have a high school in Berkeley that is predominantly Afro-American; they have a trade school down in Tijuana, Mexico, where they have students from fifteen to sixty-five years old, about 1,200 per semester, and they teach them a trade. So they're very much interested in education.

They kind of stumbled into the wine and brandy business. As you know, if you go back to their beginning, they made the stuff for their own consumption. People liked it, so the entrance into the beverage-alcohol business became the method by which they were able to foster their education needs.[1] So they were not really tied to the business. I think they made the right decision, [when they decided to sell their winery holdings] because there was increasingly an awful lot of consolidation going on in the business, particularly on the spirits side. Large companies such as Guiness and Hiram Walker, otherwise known as Allied Lyons, and our parent company, International Distillers and Vintners, which owned Heublein, are buying these brands and putting them together on a global basis. I think the Brothers made the right financial decision, and they probably made the right strategic decision, because they would have had to spend more money to compete with people who were far bigger than they were.

Teiser: What was your title when you came in?

Maher: President, Fromm & Sichel.

Teiser: What did you do first?

Maher: Like anything else, it's like being the doctor in the emergency room; you go ahead and take a look at the patient; you run various tests to see whether they have a broken leg or a concussion; you look at the resources that you have, such as penicillin or

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[1]See also Brother Timothy, The Christian Brothers as Winemakers, an oral history interview conducted 1973, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1974.

therapy; you see what you need to do, and then you take a look at the organization. The organization was somewhat jumbled. The Brothers had bought Fromm & Sichel in '83, and by now it was 1986. A lot of the people who had been involved with the old Fromm & Sichel in San Francisco had left, and there was some turnover. I had an opportunity to put in some of my own type of people. Everybody who is a president of an organization has a certain style and a certain set of criteria at which they look to judge the people they have working for them. Probably with me you'd have to have a short haircut and a high energy level. Here was an opportunity to look around the industry and hire some people that we thought could help solve some of the problems.

I think it was also a question of priorities. It became pretty apparent, since brandy was about two-thirds of the profitability, that your number one priority was brandy, and probably the number two priority was brandy. We had to go out and make sure that message was put out to our sales force, our distribution network, and our brokers.

The second thing was to take advantage of the opportunities that the Christian Brothers had by virtue of their owning almost 1,200 acres of prime land in the Napa Valley. They were really not pushing the Napa Valley appellation, and they really needed to, because the price of grapes and the cost of production for producing Napa Valley Cabernets and Chardonnays and other fine varietals were going up. They had really not built a reputation for Napa Valley wines. I think the question was focusing on the table wines, and particularly the Napa Valley appellation.

Those were really the two priorities of the company. And I guess the other thing was the people side. In addition to being very much interested in education, the Brothers were very interested in people. I would say that of all the companies with which I have worked, the Brothers are most concerned about people--are people happy, are the benefits good, if you terminate someone, are you going be very fair? The Brothers probably erred on the side of being too patient with some people.

It was a nice atmosphere. It certainly was a family-like atmosphere, and I guess, being an Irish Catholic, there was something nice about working for the Pope. [laughter]

Teiser: Did you change the direction of their wines?

Maher: I think the direction of the quality of their wines had changed before I came in. They hired a very talented winemaker by the

name of Tom [Thomas] Eddy, who had started making some excellent wines. I don't think I changed that much. I think anything that happened wherever I worked has always been a team effort. We decided that the wines were excellent; we did a new packaging job to bring the Christian Brothers into the 1980s. Our team put together a good programs to make sure we were changing the direction of the product--moving away from just being regular table wine, burgundy and chablis, to vintage-dated Napa Valley varietals. I have to say that the quality of the wines was excellent, and I think the quality of the marketing and public relations effort that went into the new thrust was outstanding.

Teiser: You did some advertising.

Maher: Yes, and the Napa Valley wines really started growing. I think we were on the right track to bigger and better success. Christian Brothers has always been a very successful brand. I think just about any brand goes through a series of growth spurts, and then you slump off and dip a little. I think we were starting to turn the business around when the Brothers made what I call their long-term strategic decision to get out of the business.

Teiser: Did you anticipate, when you were working with them, that they might be bought?

Maher: After about six months, I believe my wife and I had a conversation about, "What if--?" Here was a tremendous amount of assets, and marketing conditions were changing. We always had some question whether Christian Brothers would be in the business long term. On the other hand, the Catholic Church is a very persistent foe, if you're on the other side, or a very persistent and loyal friend. You never really think of it. From time to time you might have a thought that crosses your mind, but usually what happens is that you're so busy in the heat of the marketing battle that you really don't have time to think about that.

Our style of management was to go ahead and do a long-term plan. Once you start laying out a long-term plan and looking at the market value of the assets, you could see that the Brothers, perhaps, could be a lot better off if they could go ahead and sell the business.

Teiser: If you had anticipated a sale, you would have been working on the short range, wouldn't you, and it would have been quite different?

Maher: I don't know. I'm not so sure you would have. A good part of the activities of the team that came in in 1986 and 1987 really

enhanced the image of Christian Brothers. I think by virtue of the efforts this group of people put forth, the Brothers probably got a lot more money for selling the business than they would have if they had continued without these efforts. The brandy and wine labels were updated, there was a dynamic organization, there was an import business that started up that had some great potential. The Brothers could have stayed in the business; they weren't forced to sell. But I think they made the right choice.

Teiser: Do you think that Heublein had had its eye on this business for a long time, or was their attention drawn by your coming?

Maher: I don't think any of the people who bid for the Christian Brothers ever thought it was going to be for sale. Once again, the Church has a very interesting and long-term reputation. Once the word came out, through the investment banking firm Hambrecht and Quist, Inc., that Christian Brothers brand might be for sale, an awful lot of people were interested. There are not that many brands in America that sell over a million cases--I think at last count there were about forty--and here was one that was up for sale. For a company with a global perspective such as Heublein, this certainly would be a very challenging plum.

You also have to realize that it filled a void in their portfolio. There really are only two brandy brands in the United States--E&J, which is owned by Ernest and Julio over in Modesto, and the Christian Brothers. So here was an opportunity for Heublein and other competitors in the spirits side of the business to make an acquisition that was good strategically, helped fill a void, and also blocked out a competitor. Obviously, if you buy the Christian Brothers brand and one of your major competitors, such as Hiram Walker, doesn't, you have a decided leg up.

Greystone Cellars

Teiser: Before Heublein came in, you had reopened Greystone. What's the value of Greystone?

Maher: I don't know what the value of Greystone is. I think an awful lot of it is probably its sentimental and historical value. Greystone brings some very interesting things to the party and also to the community. It's important to realize that Greystone, to me and others, is always one northern anchor of St. Helena. If you are coming south on Route 29, it's the first thing you see, and if

you're going north, it's the last thing you see. Greystone is a fully-licensed winery, and it can produce hundreds of thousands of cases. It used to be a winery, and until 1984 Christian Brothers made and bottled its champagne up there. Also I think it is a symbol of the Christian Brothers.

I think it is one of the great symbols in the Napa Valley. Just about anywhere you go in the world people have heard of it, and a lot of them, particularly those in the wine business, have seen it. We get in excess of a quarter of a million tourists going through there every year. There are probably more pictures taken of that facility than of any other facility. I would say the two most photogenic wineries in Napa Valley are Beringer's Rhine House and Christian Brothers Greystone.

Teiser: Could it be used again for winemaking?

Maher: I think so. We just announced about ten days ago that Greystone is on the market. We're utilizing less than one-sixth of it, so we are working with outside marketing people to go ahead and sell that. We'll certainly find out whether somebody is interested in it. If some small winery, say somebody who wants to become a major factor in the wine business and has a lot of money, would like to make a statement, they can certainly come in and buy that facility. I mean, that gets you headlines everywhere in the world.

Teiser: It has a gravity flow structure, does it?

Maher: It does. It's typical of many of the wineries built in the late 1800s, prior to electricity. The grapes came in the top, and they worked their way all the way down to the bottom. Then they went away, I suppose in those days in horse-drawn wagons, and later in primitive trucks.

Quail Ridge

Teiser: One of the other things you did, then, before Heublein came in, was to buy Quail Ridge. How did you happen to do that?

Maher: Quail Ridge is one of those great little things. I think sometimes in this business it's better to be lucky than good. George Vare, who is a well-known man in the wine business, called me one day and said, "I've got this great little property." He

explained it to me, and it really sounded interesting. We ran out and picked up a few bottles of wine, and I went to my team and said, "What do you think about this?" We thought it was really great. One of the things about Christian Brothers was that while it certainly had a great reputation, its reputation isn't--I wouldn't say clouded, but is in several areas. It's in table wine, brandy, and dessert wine. Here was a little boutique that just made some wonderful wines selling at very high prices and with a wonderful quality reputation. Here was something that could really enhance us to get distribution in the restaurants.

George Vare and I talked back and forth, we looked at the price, we did some quick calculation, and we figured that the assets were worth more than the asking price. So I called up the board of directors and told them that I had bought a winery. They said, "You can't do that; you need our approval." I said, "Wait till you see it; you'll love it." We had a meeting, and they loved it. I think that was a very good acquisition. It fit in well with our portfolio, and it's fitting in very well along with Inglenook Napa Valley and Beaulieu.

Teiser: Is it on the same quality level as your Niebaum Collection label?

Maher: I think it's on the same quality level, although a little different. The Gustave Niebaum Collection, which was named after the founder of Inglenook, is essentially single-vineyard wines. We go to what we think are some of the best vineyard properties, and we just take the grapes off them. The individual wines are made entirely from the grapes coming from "single vineyards," so the concept is different.

Teiser: You had several offers or mentions of interests from others?

Maher: That is correct. Why don't I just briefly describe the process by which the Brothers went? The Brothers had a very interesting outside board. The Catholic Church is a great believer in teamwork, and they had put together a board that among others consisted of myself; Brother David Brennan, who was the chairman of the Christian Brothers winery; a past president of Safeway; a past president of Lucky; one of the executive vice presidents of Bank of America; the chairman of the board of the big trucking company, Consolidated Freightways. So we had very active, energetic, and bright board.

Teiser: Was that newly created?

Maher: Yes.

One thing we didn't touch upon is that we fully integrated Fromm & Sichel into the Christian Brothers winery. The formal name of the Christian Brothers winery was Mont La Salle Vineyards. When I came in 1986, Fromm & Sichel was located over in Santa Rosa, and the winery was located down on Redwood Road in Napa, the big property that the Brothers have there. The rest of the facility was up here. We quickly made the decision that it made sense to put everybody together.

There were certainly efficiencies of scale. Mont La Salle had three people in the accounting department who were taking little pieces of paper and aiming them at Fromm & Sichel, and we had three people at Fromm & Sichel who were catching these little pieces of paper and sending them back to the same three people. So we were able to do some consolidation and some efficiencies.

At the same time, this office building [at the south end of St. Helena], which I think is an outstanding office building, was under construction. For a while we looked at putting Fromm & Sichel up at Greystone, and then we quickly determined that we could put everybody on the same campus down here. We modified one other building for the financial department and moved them down to another building. So for the first time in the history of the Christian Brothers, we had all the players on the same campus and just about in the same building. It certainly made communications and decision-making a lot easier. Over in Santa Rosa, that's a whole other world, because you have to go across the mountains. While you have the computer and the fax and everything else, there's nothing better than a face-to-face meeting.

Teiser: Were some functions still up on Redwood Road?

Maher: No. Everything was consolidated down here. This building in which we are today was opened January 19, 1987, so I commuted for six months to Santa Rosa. Then my commute shrank to four miles, and just about everyone else's commute grew, because a lot of them lived in Santa Rosa.

One of the other things that you should be interested in was that at about the same time we made a decision that the future of the table wines certainly lay in the Napa Valley varietals. We started taking a look at these wonderful expansive vineyards that the Brothers had and started quickly making plans to upgrade them. We started planting some of the grapes which you passed this morning. Cabernets--the soil and climate here, right around the winery, make great Cabernets. So we started planting an awful lot

NAPA VALLEY OWNERSHIP AND OUTLOOK

Teiser: I'm looking at a copy of the Wine Spectator for November 15, 1988. It illustartes an article titled, "Who Owns Napa Valley?" You are quoted in it as saying, "He who controls the grape controls the future."

Maher: I think so. A good chunk of the vineyard properties in the Napa Valley are controlled by some of the leading premium wineries, as evidenced by the picture on the front. You have Robert Mondavi, Mike Moone from the Nestlé enterprises, Peter Mondavi from Charles Krug, John Wright from [Domaine] Chandon, Brother David Brennan from Christian Brothers, Sam Bronfman of Seagram, Tom Selfridge of Beaulieu. These are people who come from well-established companies, understand quality, and understand the importance of supply. I think there has been consolidation in the wine business in terms of the companies, there has been consolidation in the spirits business, and I think there's going to be more consolidation in the ownership of the land, because land is very important to quality.

The Napa Valley has a limited supply of land. Right now we probably have 32,000 acres under production. Last year's harvest was very small; it's only 114,000 tons, and that's about 5 percent of the total tonnage of wine crushed in the California. But when you look at the dollar value, my guess is that it is 16 or 17 percent. So the grapes we raise up here are very expensive grapes, the perceived quality is outstanding, and the consumers apparently are willing to go ahead and pay a premium for Napa Valley wines to get the quality and the image that they think these wines deliver.

Teiser: This picture was taken about two and a half years ago. If it were taken today, would there be a different lineup? You'd be there.

of vineyards. There's a large vineyard parcel up in Calistoga, and we built a great big reservoir. So we were really starting to take the steps to improve the quality of the wines and also improve the yield in the vineyards.

We had some old varieties, such as French Colombard, Gamay, and other varieties like that, which certainly didn't have the consumer's interest like Chardonnay, Cabernet, and Merlot do. We started planting what I call the noble varieties during that period from 1987 to 1988, prior to the acquisition by Heublein.

Maher: There would be two different faces. Mike Moone would not be there, but Walt Klenz would be there. Mike, after doing an outstanding job at Beringer, has gone on to run Stauffer Foods, and Walter Klenz has taken over as president of Wine World Estates. Brother David has departed from the industry by selling out, and Tom Selfridge is now working for Kendall-Jackson. I guess my face would be in there, so I guess in total there would be six faces rather than seven. Mr. Bronfman, Robert, and his brother, Peter, are still there, and so is John Wright.

Teiser: This was an interesting issue. They broke the acreage down differently; they broke it down between owned and controlled. Christian Brothers had 1,210 acres both owned and controlled; Robert Mondavi had more--2,200. Now how does it stack up?

Maher: I think you have to take Tom Selfridge's little lineup and add Christian Brothers to that. We are essentially that total, less one piece of vineyard we just sold off.

Teiser: How much do you have left now?

Maher: Whatever that total was less 106 acres or something like that.

Teiser: Which vineyard was that?

Maher: That's a vineyard on Zinfandel Lane. I think all the people in that picture who are still in the industry are going through a very interesting metamorphosis right now. We're trying to determine what people are going to be drinking in the year 2000 and beyond. When you recycle a vineyard, it generally is out of production for the first year when you're pulling it out; you fumigate, you're deep-ripping the land.

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Maher: Right now, in 1991, we're making decisions that are going to impact what we, the Napa Valley wine industry, are going to be selling in the year 2000 and beyond. It's tough. We are certainly gravitating towards the noble varieties--Merlot, Cabernet, Sauvignon, Chardonnay, Sauvignon blanc--and some of the more exotic varieties--Petit Verdot. Some of the old, long-time varieties--it's very tough to find Petite Sirah up here, and French Colombard is gone, Gamay is going. In the south, you're seeing a lot of Pinot noir going into the champagne business.

When I came to Beringer in 1975, they had twenty-three or twenty-four varieties planted in the Napa Valley, and I suspect they're maybe down to eight now. Probably fifty years from now they'll be down to six or seven, as we will. When vineyard property is going for thirty or forty thousand dollars [per acre], you can't afford to raise a variety that's going to bring you four to five hundred dollars per ton in revenue. I think the Cabernet price last year was $1,600, and Chardonnay was about the same.

PHYLLOXERA

Teiser: What about phylloxera? Do you feel confident of conquering it in the long run?

Maher: I think this strain B phylloxera in some ways is going to turn out to be a good thing for the wine consumer. It might be a little bit of a painful rash on the wine industry. We're being forced to recycle our vineyards earlier. Generally a vineyard has an estimated life--it depends on what people planted. For some of the people who planted Chenin blanc in the 1970s, probably the economic life is a lot less. If you didn't graft it over, you're probably going to pull it out and put in Cabernet or Merlot. We're forced to recycle these vineyards earlier, and we're putting new clones in. Instead of putting A x R #1, we're going to St. George and other rootstocks; we're using new clones and new varieties; we're doing different things with spacing; we're doing different things in how we trellis, which leads to better canopy management. I think we're going to be raising better grapes sooner. Obviously the impact is a financial one, so you need to move your investment capital forward.

I think we know an awful lot about phylloxera. It is not a threat to the wine quality. Phylloxera has been around; I think it was first discovered in the early 1880s. We've been working with that. I also think the weather has dealt us a bad card. Up until this year we have had four drought years in a row, and I think the fact that the vines have been distressed made them susceptible not just to phylloxera, but to some other diseases and insects. Also I think the cracks in the land that have developed as a result of the drought have allowed the little bugs to migrate. Hopefully, this year with the rain--we've had some seventeen inches during last month--will slow down the phylloxera.

I think we're learning a lot more about how it is spread. Some people say it was spread by the floods in 1986 that we had on the St. Valentine's Day weekend. A minority think it is airborne. A lot of people think it is transferred by equipment; that when somebody comes in to deep-rip your property or dig trenches for irrigation or move dirt to build a reservoir, it has been transferred that way. I think we're taking precautions. We're steam-cleaning equipment now when we move it from vineyard to vineyard. In some places we just keep a wash pad; if you have a big enough vineyard, you let the equipment be indigenous to that property and not move it. We're certainly learning to heed some of the early warning signs that showed up. The French have felt for a long time that A x R was not right. Once again, I think Davis and Fresno State will certainly help us to work our way out of this quandary.

HEUBLEIN FINE WINE GROUP, SINCE 1989

Teiser: Is your group, Heublein Fine Wine Group, now the dominant factor in the valley?

Maher: I don't think anybody will ever be the dominant factor in the valley. We are a large factor, and it's nice being up here because you're dealing with such friendly competitors--some of the same competitors who were on the cover of the Wine Spectator. In terms of volume, Sutter Home is a large volume producer; Nestlé is a large quality producer, and Robert Mondavi. We are a factor in there, and it's a very friendly competition. We compete in the marketplace and sit around industry meetings and try and do all the things we have to do to promote Napa.

One of the things I'd like to say is that I've never seen an industry that competes as intensely as the wine business yet works together so much. I think that's been evidenced by what I call the miracles that have been wrought by the Wine Institute, under the capable leadership of John De Luca, and the Napa Valley Vintners, our trade association of 110 members now. We might be killing each other to get on a wine list in a prime restaurant in San Francisco, but we'll sit down and discuss things that are going to move the industry forward, and not just on the political side, but also on the marketing and quality side.

Teiser: It was said when Heublein bought Christian Brothers in 1989 that the four wineries would be consolidated and would lose their individual characters. Have you taken steps to prevent that? Or what is your attitude towards that?

Maher: Why don't we talk about the source of some of those rumors? Any time a brand that's been as revered as Christian Brothers is taken over, there is some interest in it. This world of ours seems to

thrive more on the bad side of news than on the good side of news. I also think "big" sometime is perceived as "bad." People look at a company the size the Heublein and say, "Because it's big, it's bad." They also look at Heublein being in the spirits business and say, "Spirits and wine aren't compatible."

It's interesting that Heublein had owned Inglenook Napa Valley and Beaulieu since the late 1960s. The wines that have been made since then I think have been better than they were made before that. One of the nice things about having a big company--and I think this is evidenced by Seagram being behind Sterling and Napa Mumm, Nestlé being behind Beringer--is that they give you the opportunity to go ahead and improve quality. They have the resources so that you can improve your vineyards, buy the various types of oak with which you need to compete this year. So I think "big" can be a wonderful asset in this.

In answer to your question, after kind of a long lead-in, we have taken very definite steps to insure that the quality and the individual character of each winery remain the same. Each of our wineries has a winemaker. We have a separate winemaker for Quail Ridge in the form of Elaine Wellesley, who is one of the founders and a very talented and charming lady. We have Joel Aiken, who is winemaker at Beaulieu, and we have John Williams at Christian Brothers, who was the assistant to Tom Eddy. Over all here at St. Helena we have John Richburg, who has been with Inglenook for seventeen years. We have Judy Matulich-Weitz, who is winemaker for Gustave Niebaum and Inglenook.

So we have individual winemakers for each one of those individual brands, and then we have a very dynamic and talented man by the name of Anthony Bell, who is the vice president of operations. Anthony grew up in a wine family in South Africa, went to school down there, came up and went to UC Davis, and has been with Beaulieu for eleven or twelve years. He's in charge of all the winemaking and all the other activities that go into the production side. I think the wines we've made the last couple of years are outstanding, and they'll continue that way.

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Teiser: What about the sources for each of them? Are they kept separate, or do you shuffle the grapes around?

Maher: One of the nice things about being able to have such a holding of vineyards is that you'd go ahead and match your vineyards up with the needs of the winery. So each winemaker is very much involved

Allen Nirenstein, vice president, sales (left), and Richard L. Maher, at Fromm & Sichel, 1986.

"Official picture" of Richard L. Maher, president of Heublein Fine Wine, at his desk, 1991.

in the care and feeding of his vineyards. We do long-range forecasts, so we know where the grapes for the 1991 harvest will be going in terms of the individual brands. Obviously you keep separate those vineyards like BV1 and BV2 that have always been involved in the private reserve of BV; those grapes will continue to be grown there.

As I said, each winemaker is deeply involved in the care and feeding of his vineyards. He's out there giving instructions as to how it is pruned and how the canopy is managed. He's also involved either directly or through contacts with the growers as to how they grow, because we have long-term contracts with an awful lot of growers and are deeply involved in working with them on their viticulture techniques. We actually prescribe to them how we want it pruned, how we want this, how we want that. So we're deeply involved not just in our own vineyards, but also with the growers that we have in our family.

We have an opportunity to really influence the quality of the grapes coming out of the vineyard, and that's where quality really starts. You can make good wine out of good grapes, but you cannot make good wine out of bad grapes. So we spend an awful lot of time working with our vineyards to ensure that we get the type of grape that we want.

Within the individual wineries, I think it's much like a chef. You can take five chefs to the store, and they can all buy the exact same cuts of meats, the same vegetables, and all that. When they go into their individual kitchens, one of them adds a pinch of salt here, one uses a little rosemary here, and somebody uses some thyme. The product can be very, very different, and I think the same thing is true with winemakers. They each have their own style. I don't say they have a recipe, but they each have a philosophy that they've kind of adopted and what the character of the wines will be. Obviously the character of BV Private Reserve with American oak is very different from how we utilize Cabernet for Quail Ridge, which uses French oak.

So we have all these nuances that go into the wine. We do not see the character or the personalities of our individual wines changing at all. Obviously there's going to be some change from year to year due to rainfall and climatic conditions--the amount of heat that you have. But we have very distinct personalities for our individual brands. When you have a blind tasting, these characteristics emerge.

Teiser: Are these competing brands?

Maher: I think there are a certain number of our brands that do compete. Certainly when you go in to write a wine list, if you have one Cabernet, which do you pick out? Hopefully you'll pick out BV Private Reserve--Georges de Latour Private Reserve. But if you have a chance for three, you might pick out Quail Ridge, Inglenook Cask, and BV Beautour. So I think there's always some competition.

Teiser: Does that make a problem for your sales staff?

Maher: I don't know whether it makes a problem or not. It gives them an opportunity to go out and get a few more wine lists. There should not be a wine list written in America that doesn't have one of our wines on it, because we have a full range. We range from BV champagne to our Carneros Reserve Chardonnay; if you need a White Zinfandel, we have it in Rutherford Estate Cellars or Christian Brothers. So we have a full range of Napa Valley wines. We have perhaps the broadest spectrum of anybody here in the Napa Valley.

You ask if it poses a problem, and yes, I suppose it is kind of an embarrassment of riches. Those are the kinds of problems I like to have.

Teiser: It sounds like trying to juggle a lot of balls in the air at the same time.

Maher: Well, it's like children. We have five children, and each one is very different. You love them for what they are. They have different personalities, they look different, they act different. I think wines are the same way, and you love them all the same.

Teiser: You said you had sold 106 acres, and I think you closed the Oakville facility.

Maher: I don't know how much of this facility here in St. Helena you've seen, but it's a very up-to-date and large facility. What we had down at Oakville was a facility that was somewhat redundant. Half of it, the white winemaking facilities, had been upgraded at the expense of three to four million dollars a number of years ago. But the red wine facility needed to be upgraded. Essentially, what we did was to close down the Oakville facility, and it is now for sale. That was just a production facility, just fermenting and storage. We did not bottle there. We used to move the wine over to Inglenook chateau and put it in the barrel building there. Then we would move it another place to go ahead and bottle it.

Now we have moved a lot of the redwood tanks that used to be used to make Inglenook reds up to Building 20 here. The grapes come up here, we crush them, and John Richburg is the chef of the caves. He follows those grapes all the way through. Some of the taste characteristics of Inglenook come from the redwood, and we're still using redwood. We took it apart and reassembled it up here. And we have a high-speed, high-quality bottling line here, and Inglenook's being bottled here.

Teiser: When you came to Christian Brothers was this still being used as a champagne cellar?

Maher: You have to realize that champagne, up until 1984, was up at Greystone. By then champagne was a smaller part of the total Christian Brothers mix. This was built as a premium table wine winery.

Teiser: Didn't they make a bulk champagne?

Maher: Yes, Charmat. We made some fermented-in-the-bottle champagne during that brief period of time between 1986 and the sale in 1989.

Teiser: Before that, though, I thought there was a winery built here that had an unusual circular construction for Charmat champagne.

Maher: No, essentially it was for premium table wines.

Teiser: And you have revised and revised?

Maher: Oh, we have added on the cooperage, we've added an awful lot of small cooperage, we've bought an awful lot of oak, we've redone our barrel room, and we have a very large and modern air-conditioned building where we not only age our wines in wood, but we also do a lot of barrel fermentation for our Chardonnays.

Goals

Teiser: Do you have any special plans for the immediate future?

Maher: I guess your plans are always both long term and short term. Both short term and long term you want to continue to make those high-quality wines that these brands, and certainly the Napa Valley, have been famous for. We want to keep their individual

personalities, and I think we'd just like to go ahead and show all those people who were taking potshots at us a couple of years ago that the wine quality is going to go ahead and continue. We're obviously interested in enhancing the brands that we have, and I should think you would enhance them by good sound sales and marketing and certainly by continuing the quality and public relations.

We want to continue to be deeply involved in the community. I think it's very interesting that our three major brands, Christian Brothers, Beaulieu, and Inglenook, have been anchors here in the valley, and we participate in a lot of events. The Greystone facility and Inglenook are particularly being used, I would say, at least once a week for some community affair. The "Great Chefs" are doing some work up there, we're raising something for the schools, we have something for cystic fibrosis, and we're deeply involved with the [Napa Valley] wine auction. We feel a deep obligation to the community because we're a large employer here. All our vineyards that we own are right here in the valley, and a lot of our employees live here in the valley, so we feel a commitment to the community. We want to continue to be a very positive factor in the community.

And we're obviously interested in profit. We're all in business to make money. I think if you can go ahead and continue to make the type of wines that we make--and our competition forces us to make them, because there are some wonderful wines out there, and you can't sit still on that. I think we're trying to sort out where the wine business is going to be in ten years. That's part of our job. What varieties? The Rhone varieties? Should we be looking at some of the Italian varieties? I think we're probably much more traditional and much more down the middle of the fairway, certainly with Inglenook and BV.

Just because we have a number of brands, it doesn't say that we can't have a new brand. Our wine industry is constantly changing. We look at all the phenomena that we've had over the last twenty-five years: we've had the pop wines, sangria, coolers, Lambrusco. It seem to me that mainstream America is now focusing on that wonderful thing called varietals. It used to be, "Give me a glass of chablis," in the 1970s and early 1980s. Now it's, "What Chardonnays do you have?" and you can order two or three Chardonnays by the glass. I think we as a country are making wonderful progress in appreciating wines--not fast enough; I'd like to see them accelerate their understanding of wine. I think wine is inherently linked with the good life. To me, one of

the nicest ways to spend time and money is to have a good meal with good friends and have good wine.

Teiser: When you sell Greystone, will you realign your tasting rooms, or will you keep them separate?

Maher: I think we would always continue to keep our tasting rooms separate. What we'd like to do is lease back that portion of Greystone that we're currently using. Right now we're utilizing about one-sixth of it. You have to realize that that is a huge building; it's 110,000 square feet, and we rattle around in that.

Speaking of tasting rooms, we have just opened up a founder's room down at Beaulieu. If you want to, you can go over and walk in and taste some of the older vintages of BV.

Teiser: You had that at Beringer, didn't you?

Maher: Yes, they opened a founder's room at Beringer after I left. The Napa Valley is one of the great attractions in America, and I think it's an opportunity that you can get someone to come into essentially your house, and you have them for half an hour to forty-five minutes. If you can't convince them that you're making good wines, it's your fault; it's not their fault.

INDUSTRY ORGANIZATIONS

The Wine Institute

Teiser: I should ask you about the various industry organizations. You've mentioned the Wine Institute, and I know you were chairman in 1983 and '84. Did you have some particular goals?

Maher: I think when you go into an organization you start out just trying to learn what the organization is all about.

Teiser: Had you been on the board before?

Maher: Yes, I had. As you know, going through the Wine Institute is a series of chairs. You start out at the lower level, and I guess it takes five or six years to work your way through. One of the great strengths of the Wine Institute is that I don't think they've ever made a serious error. You have people from small wineries and from large wineries who get together and discuss very complex and very controversial subjects. I've never seen the executive committee of the Wine Institute make an error. I think if other industries could work together as well as ours does, it would be a better business environment throughout America.

Teiser: They're restructuring the board now, I believe.

Maher: They are restructuring the board now, but I think you have to realize that the industry has changed. We talked earlier about how a glass of chablis is now a glass of Chardonnay. When you look at the dollar value of the grapes, it used to be that the San Joaquin area was king. Now they're the dominant factor in terms of volume, but in terms of dollars of grapes and dollars

of purchases by the consumer, the North Coast premiums certainly have bypassed them.

Our industry is very dynamic. Thirty years ago over half--in 1960 I think 55 percent of the business was in dessert wines. We've certainly come a long way now, where dessert wines are a very small factor. The future of the wine business continues to be in the table wine business, and there are certainly going to be other factors in there. I think the Wine Institute has done an outstanding job of adjusting.

We live in a world of change. If I had talked to you two years ago and was able to forecast what was going to be happening to Russia and the other so-called countries of the Iron Curtain, you would look at me, shut off the interview, go back to Cal, and say, "That guy is squirrely." Look at the speed of change! Look what has happened in the Middle East. In a hundred hours America was re-established as a dominant factor in the world, and our dark hat was kind of bleached out and is now certainly white. The image of our president has moved up. We need to manage change, and I think the Wine Institute is just going through that period of change. It went through a tremendous catharsis in 1975 when a lot of members dropped out. I think we, like the planning we're doing for our vineyards, in the Wine Institute are adjusting for the year 2000. Probably ten years from now there will be another change. I see the Wine Institute continuing to be a very powerful organization.

It's no different from any other business. We all have our moments of crisis. It's a roller coaster. Life is a roller coaster.

The Napa Valley Vintners

Maher: I'll tell you, the Napa Valley Vintners are a very positive influence.

Teiser: Yes, I'd like to ask you to talk about that.

Maher: I had the interesting job of being the chairman of both the Napa Valley Vintners and the Napa Valley Wine Auction at the same time, so it was really a challenging job. I'll say a little about the Wine Auction. I think it's a wonderful spirit of involvement that the Vintners have that they take so much time

and spend so much money regarding the auction. The auction has grown from something that was very, very small to something that now generates in the neighborhood of half a million dollars a year for the charities here. I think the idea of community involvement is a very important one. What the Vintners are trying to do is to put back into the community some of the support that the community has given us.

Focusing on the health care aspects of that is particularly outstanding. All of us Vintners feel very good about something called Clinic Olé, where we have gone back and been one of the driving forces in putting together medical care for a lot of the people who work in our industry--the Hispanic membership. We're able to go ahead and provide those workers, and particularly their families, who might not have insurance or the ability to get good medical treatment. We have something called Healthy Moms; we get women, who oftentimes do not speak English involved in prenatal care in the early stages of their pregnancy so they can be monitored and go on the right diet and get the right medical attention. I think it is really a tribute to the character of the people in the wine industry in Napa that we do something like this.

Teiser: It certainly brings you good publicity, too. It has considerable value that way.

Maher: It gives you a nice feeling. The interesting thing is that it is not just the Vintners who do this. I think last year we had over five hundred volunteers who did not work in the industry who would go out and not just sell tickets and be on the committees, but would move garbage, chip ice, pick up bottles, serve iced tea--very, very deep community involvement. That's a wonderful thing. I think it's a good marriage between the Vintners, the health facilities, and the community.

Land Use and Other Issues

Teiser: One of the main interests of the Vintners has been land preservation, which has gotten into county politics.

Maher: I think you have to look at the evolution of the Napa Valley Vintners. When I first came up here in 1975 it was a rather small group. Of course, there were not that many wineries around; there's been a tremendous explosion of wineries over the

last sixteen years. It was a group that met once a month, and we discussed some issues. You have to realize that the issues have also changed in the last sixteen years. Traffic has reared its ugly head; some of the hillsides have been scarred up: erosion. Some of the streams that were crystal-clear sixteen years ago aren't so clear right now. As the population of the valley has increased, you're running into conflicts between farming--i.e., we're basically farmers--and urbanization. I think the county leaders have done a good job in putting together the agriculture preserve, where you can go ahead and preserve the vineyards. Instead of planting houses, we're planting grapes. Anytime you have a resource that is as valuable as the Napa Valley, and also as popular, you have some conflicts. We're taking steps, and hopefully we're going to be on the leading edge of land use.

There's still an awful lot of controversy, even within the Vintners. When you take 110 people, all of whom are very talented, many of whom have had big and challenging jobs in other industries, and you bring them up here, we're not going to agree on everything. We have the liberal side and the conservative side, but once again we seem to weave our way through those problems. We've been dealing very deeply in politics. I don't know what your definition of politics is, but I think when the county starts defining what is a winery and where you can build one, that's not so much politics; that's survival.

I think endorsing political candidates is risky. We had a problem a few year ago where we endorsed and then un-endorsed some. An industry of our size, which is the dominant industry in the valley, has to work very closely with the community and the community leaders. We do, here at Heublein Fine Wines, and all of our neighbors and competitors at major wineries are deeply involved in the local community. We know the city council; we want to work with them whenever the community has a problem. We also are involved at the county level, and we also participate in Sacramento, and some of us do some work in Washington. I think you need to be involved.

Ours is an industry that we perceive one way, and there are some people out there who perceive our industry another way. There are anti-alcohol forces out there that are vocal, know how to get good press, and are well-organized, and in some cases we are fighting for survival. I think the fact that we as an industry--wine, beer, and spirits--banded together to help defeat Proposition 134 was a great stroke of cooperation for our

industry. The three segments of our industry have not always worked that closely together, but I think this is evidence that when we do work closely together we can do some powerful things.

Teiser: What about the control of visitors? I suppose there's the possibility that you will be smothered in visitors.

Maher: One of the problems we have is the geographical layout of our valley. It is a long, narrow valley with only two main roads leading into it. Yountville is the cutoff where Highway 29 goes from four lanes to two; the Silverado Trail is not very well known by a lot of visitors, and it's also windy and people tend to speed, so they tend to have a lot of accidents. We are vastly different from Sonoma, which has really good access and a much larger area; I think they're five times larger than we are. Our basic problem is that everybody wants to come here on a Saturday or a Sunday, and it is very tough to get around.

When I first came to Napa Valley in 1960, there were no traffic lights. We moved here in 1975 and there were no traffic lights in St. Helena. Now we have two, and we're probably going to have to build some more. The character of the town has evolved. A lot of what I call local shops have been replaced by shops that cater towards tourists. We are a tremendous tourist attraction, and we need to go ahead and learn to live with that. A lot of the traffic up here is not generated by wineries alone. A lot of people come up here to go to Lake Berryessa; a lot of people come up here to go to Clear Lake--Lake County is a growing place; a lot of people come up this way here to go to Santa Rosa. And there are all sorts of other attractions--the mud baths and health spas in Calistoga, and there's gliding up there; we have balloonists down below. I think many times the wine industry is blamed for all the traffic problems, and while we certainly contribute to the problems, we are not the major cause.

The county administrators are recognizing this. When you go ahead and want to expand and build a winery, you need to talk about traffic count. We as an industry are taking a lot of steps to try and mitigate this, like not delivering grapes between four and six in the afternoon when there's traffic. If you're in close proximity to a subdivision, you try not to disk or use your sprayer hoe at three o'clock in the morning. We're trying to learn to live with urbanization, but it is very tough. It is very romantic--someone comes up here and says, "Oh, I have a house right in the middle of a vineyard." Then when you turn the damned wind machine on at one o'clock in the morning and he

thinks he's on the landing ramp at San Francisco Airport, you find out whether he's a farmer or not. Fortunately we have a right-to-farm vote that gives us some priority.

No matter where you go in the world, urbanization and agriculture have a tough time getting along, so we need to work at this.

Exports

Teiser: You have participated in the Export Targeted Assistance Program, and are participating now, I think. How does that work?

Maher: This all goes back to 1983 and 1984 and the Wine Equity Act. Essentially, the government provides matching funds if you go ahead and spend money overseas. As an international company that sells wine and spirits all around the world, we're very interested in that and have some natural outlets. We have an organization called Heublein International that has many people working in it to sell not just our products, but some of the spirits products that our company represents around the world. We're probably one of the larger factors in the export business. We export some bulk wines to Canada that are bottled up there under our labels. All the products we export from here are bottled, so we bottle Inglenook and BV to sell around the world.

Teiser: What percentage of the fine wine products go out of the country.

Maher: I really don't know. That's handled by another organization. I'm kind of a custom packer preparing the goods for export. I think 5 percent of the total California production is exported. My guess is that we're probably a little higher than that. Inglenook has a good franchise in Europe, and Christian Brothers has been well established through its Seagram network in the past.

Teiser: Does the effort on export have any connection with the declining consumption in the United States?

Maher: I think it probably has to do more with the declining value of the dollar. [laughs] As the dollar loses its strength compared to the other currencies, we are much lower priced over there, so that's a great opportunity. I think the driving force behind export is the quality of our wines. We've had some wonderful

statesmen, particularly Robert Mondavi. No matter where I go in the world, Robert Mondavi has either been there last week or is coming next week. He's been a great spokesperson for our industry, and particularly for the Napa Valley. He has shown that our wines can hold their own with anybody.

Teiser: Another of our interviewees, not in the wine industry, ran into him and Margrit Biever in an African native village.

Maher: There's a little obscure winery outside of Aukland, New Zealand, where I was a couple of years ago, and he was going to be there in a week!!

FUTURE POSITIVES AND NEGATIVES

Teiser: What do you think about the whole future of the American wine industry, in relation to consumption, consumption levels, and temperance?

##

Maher: I'm very optimistic on the future of the Napa Valley wine business. You asked me about the American wine business, and I'm not so sure I can comment on that. I think California still is becoming an even more powerful word around the world, particularly in wines. I think Napa Valley is starting to be recognized as one of the great grape-growing regions. When you look at wine consumption in the United States, all the good things are in our favor--the demographics, people are making more money nowadays, they have more leisure time, they're eating out more, they're getting better educated. The typical premium wine consumer is active, sophisticated, intelligent, but doesn't know much about wine. I think the more we can educate him, the larger our cadre of followers is going to be.

Teiser: Do you think the Wine Institute has a part in the future education of consumers?

Maher: The Wine Institute has a place in the education of consumers. I think the Wine Institute should not be involved in the marketing aspects of that; I think that is best left to the individual wineries. In terms of priorities, if I'm going to spend my dollars marketing, I'd rather spend the dollar myself. The next choice would be the Napa Valley Vintners, and the third choice would be the Wine Institute. I think the function of the Wine Institute should be to be involved in the political, the trade areas, trying to knock down the barriers.

I would like to see wine available in more food stores in more states across the country. We still have a lot of states where you cannot buy a bottle of wine when you go in to buy a steak. We know that every time a state allows the sale of wine in grocery stores, consumption goes up. On the other hand, I think it's the right of the individual states to do whatever the hell they want. It's not for me to sit here in California and tell another state what it should do. I think it's up to the citizens.

Negatives in the wine business? Economic dislocation, i.e., a recession. I think we're seeing some of the effects now. We seem to be coming out of that; restaurant traffic in those restaurants where premium wines are sold seems to be down but picking up. A war--in January and February, I think people sat home and watched a war on television and didn't buy much of anything. Another high image drink? I can't see anything coming along that's going to replace wine.

One thing that wine has for it is probably ten thousand years of rich history, tied in with the Bible, religious ceremonies, culture, the arts, and I think we're all gravitating towards that. We even make people a lot more familiar with wine. I think we in the industry perhaps made a little too much mystique around it, you know? Sniff and swirl--hell, if it tastes good, drink it!

Teiser: I wonder sometimes if the wine industry as a whole wouldn't benefit by sponsoring the return of jug wines so that people just get going and drinking wine--any wine.

Maher: That's an interesting idea. I don't quite know how to do it. One of the things about our industry that's interesting is that twenty-five years ago, when I first came into it, we the manufacturers were kind of determining what the consumer drank. We said, "We're going to come out with a pink chablis, we're going to come out with this or that," and now the wine consumer is telling us. Look at this phenomenon called wine coolers. I mean, two little guys up in Lodi were mixing the stuff in their garage, and they created a whole new element that went to 75,000,000 cases. The wine consumer wanted something light and fruity and drinkable with a little carbonation, and they came along and took this thing--whoosh!

They're doing the same thing now. We didn't tell them to stop drinking chablis from the San Joaquin Valley and start drinking North Coast Chardonnay. They, on their own, moved into that. The consumers are a hell of a lot smarter than they used to

be. They're much more demanding, they're tougher to serve. They're tough to find, and once you find them it's tough to hold onto them. I think there's going to be continued anti-alcohol pressure; we're going to be dealing with people who would like to see us reduce our scope or go out of business or both. We're drinking less but better; that's been an overworked phrase. That certainly bodes well for all of us here in the Napa Valley. I guess if I were in Lodi or Fresno, I wouldn't feel quite so comfortable, but now that I'm selling Napa Valley products--. I am a firm believer in the quality and the reputation of the Napa Valley, and I think the quality and reputation will improve.

Teiser: André Tchelistcheff at a Wine Industry Technical Symposium has put forth the idea that we should have more low-alcohol wines.

Maher: I'm fascinated by low-alcohol wines. We're taking a real hard look at that segment. I think it's premature; I think maybe we ought to come back in two years and talk about it. It seems to fit in with our lifestyle--moderation, health considerations, drinking and driving. Alcohol does add something to flavor, though. If you taste non-alcohol wines, you miss the alcohol, which is an integral part of wine. But technology is improving. You used to have to cook the wine to get the alcohol out, and now you're using reverse osmosis and other new technology.

In closing, I've been lucky to be affiliated with such a great industry and with such honorable competitors and associates. Just goes to show you that the good Lord looks after fools and dumb Irishmen!

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